



31 October 2017

SEPTEMBER 2017 QUARTERLY REPORT

HIGHLIGHTS:

- Gravity infill data acquisition and data remodeling completed at south TLP, Nevada, USA
- 3 lithium brine trap targets identified in south TLP from remodeled gravity data
- South TLP evaluated as the most prospective part of the Nevada projects
- Western Australia drilling program of 114 drill holes into inferred spodumene bearing pegmatite zones to commence in November 2017
- Detailed 1350 line-km airborne magnetic survey to be acquired over the E 69/3455 (Edmond) license in Western Australia
- Botswana 5-hole RAB drill program to commence in November 2017

Lithium Consolidated Mineral Exploration Limited (ASX: LI3) (“Lithium Consolidated” or the “Company”) is pleased to report on activities during the September quarter, including the advancement of our exploration projects.

The Company is now in position to commence significant exploration activities across our key projects in Western Australia, Botswana and Nevada, USA.

PROJECTS

1. Nevada, USA

The Tonopah Lithium Project (“TLP”) is in the Clayton Valley, in West Central Nevada, in the United States of America.

TLP consist of 471 placer claims over an area of 8,674 acres.

1.1. Land Management

Lithium Consolidated undertook an extensive evaluation and obtained an independent opinion from SRK Consulting (U.S.), Inc. (“SRK”) to determine the most prospective part of the Nevada projects.

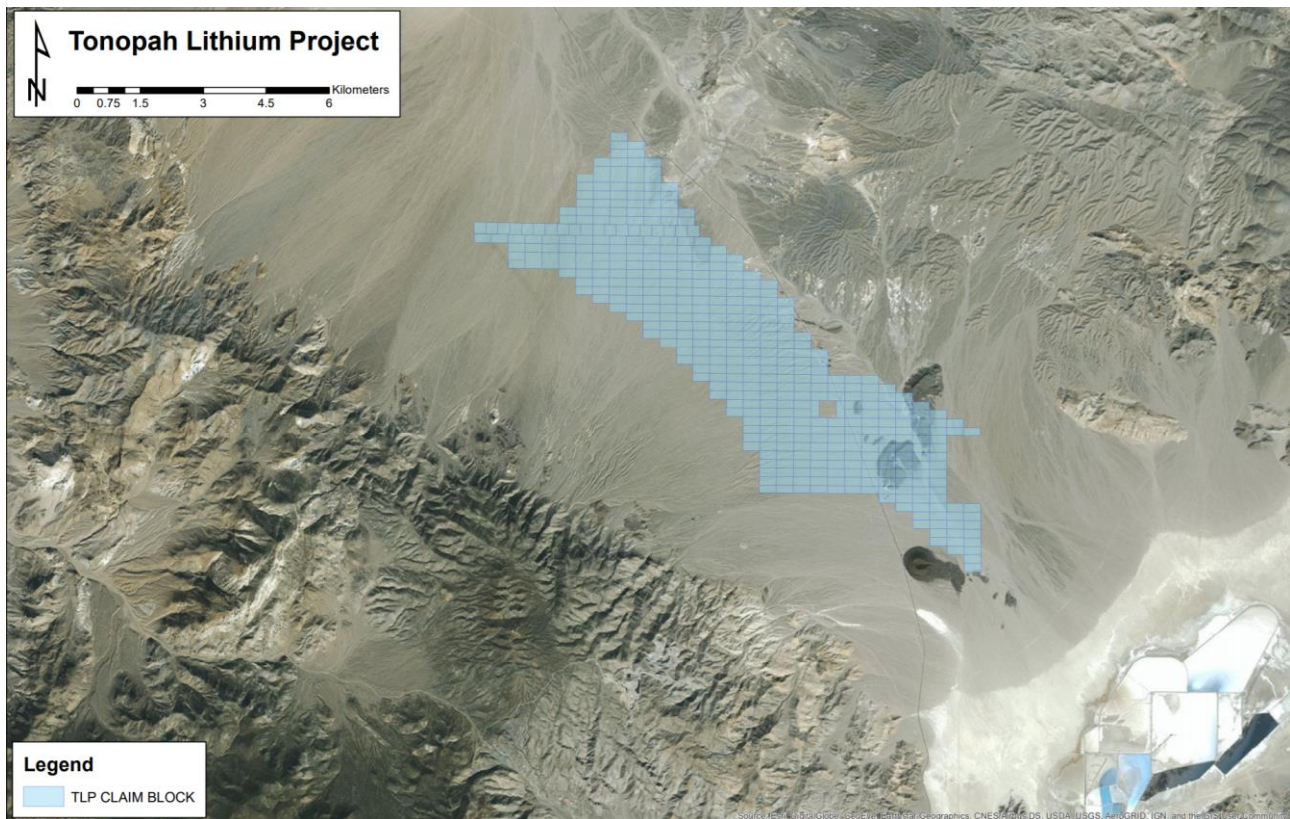
The southern part of TLP was evaluated to be the most prospective and it is the only part of the Nevada projects where we will be carrying out exploration activities in the next 12 months.

Further to our own evaluation and SRK’s opinion, we have relinquished a total of 1,587 claims through a relinquishment process which commenced in August 2017.

439 claims in the southern part of TLP were renewed and a further 32 additional claims were staked.

There will be a considerable saving on claims holding costs, from the claims which will be relinquished.

Figure 1: TLP placer claims



Source: Mineral Exploration Services, Ltd

1.2. Exploration

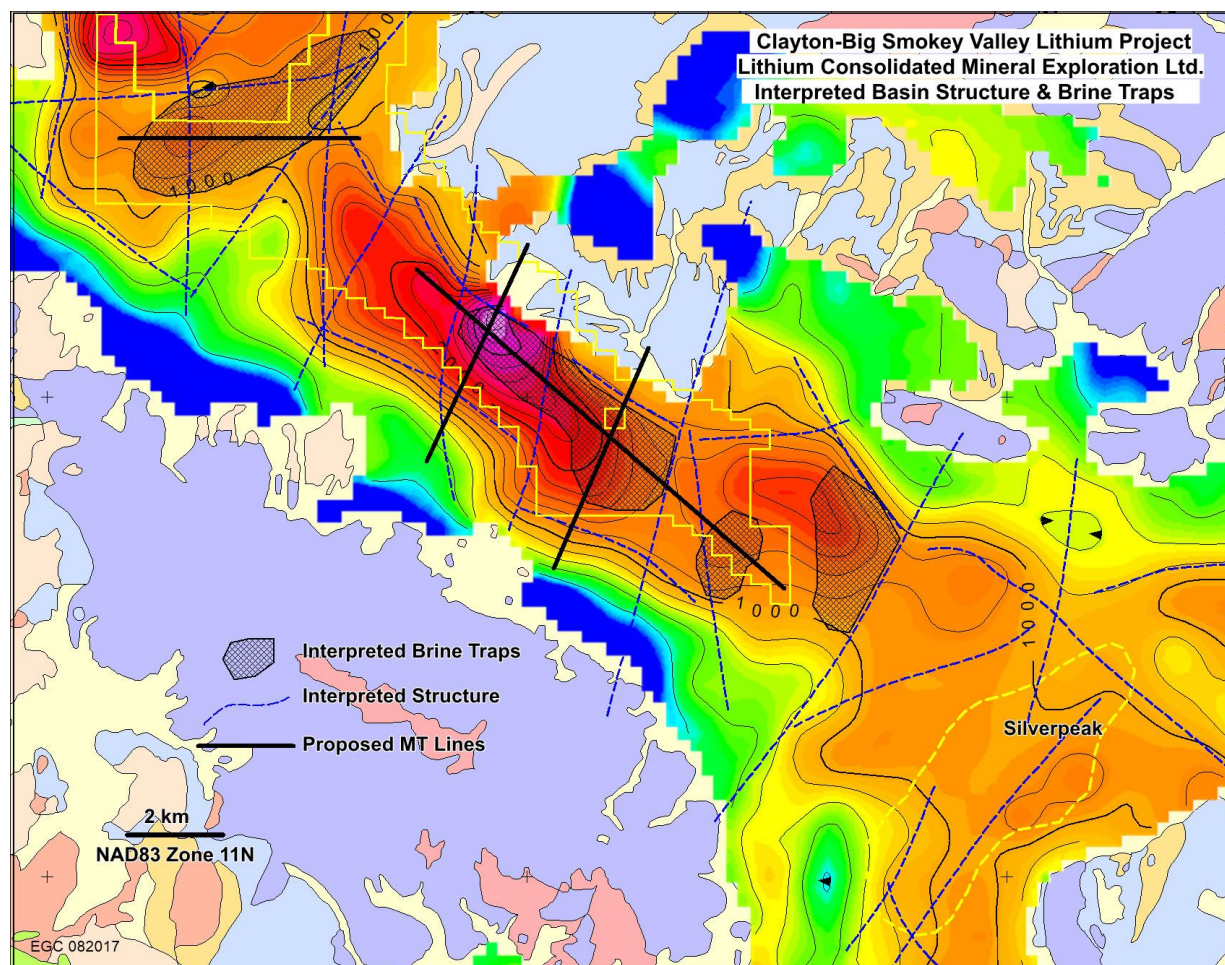
A gravity infill data survey was acquired over South TLP in August 2017. The newly acquired infill gravity data was merged with the existing gravity data and re-modeled in August 2017.

3 lithium brine trap targets (see Figure 2) were identified from the 3D inversion modelling.

The re-modeled gravity data has been used to precisely locate 4 lines of magnetotelluric("MT") resistivity survey lines covering a total of 25 line-km (see Figure 2).

The MT resistivity survey will be postponed until 2018.

Figure 2: Image of Basin Depth based on Gravity Data 3D Inversion Modelling



Source: Ellis Geophysical Consulting Inc.

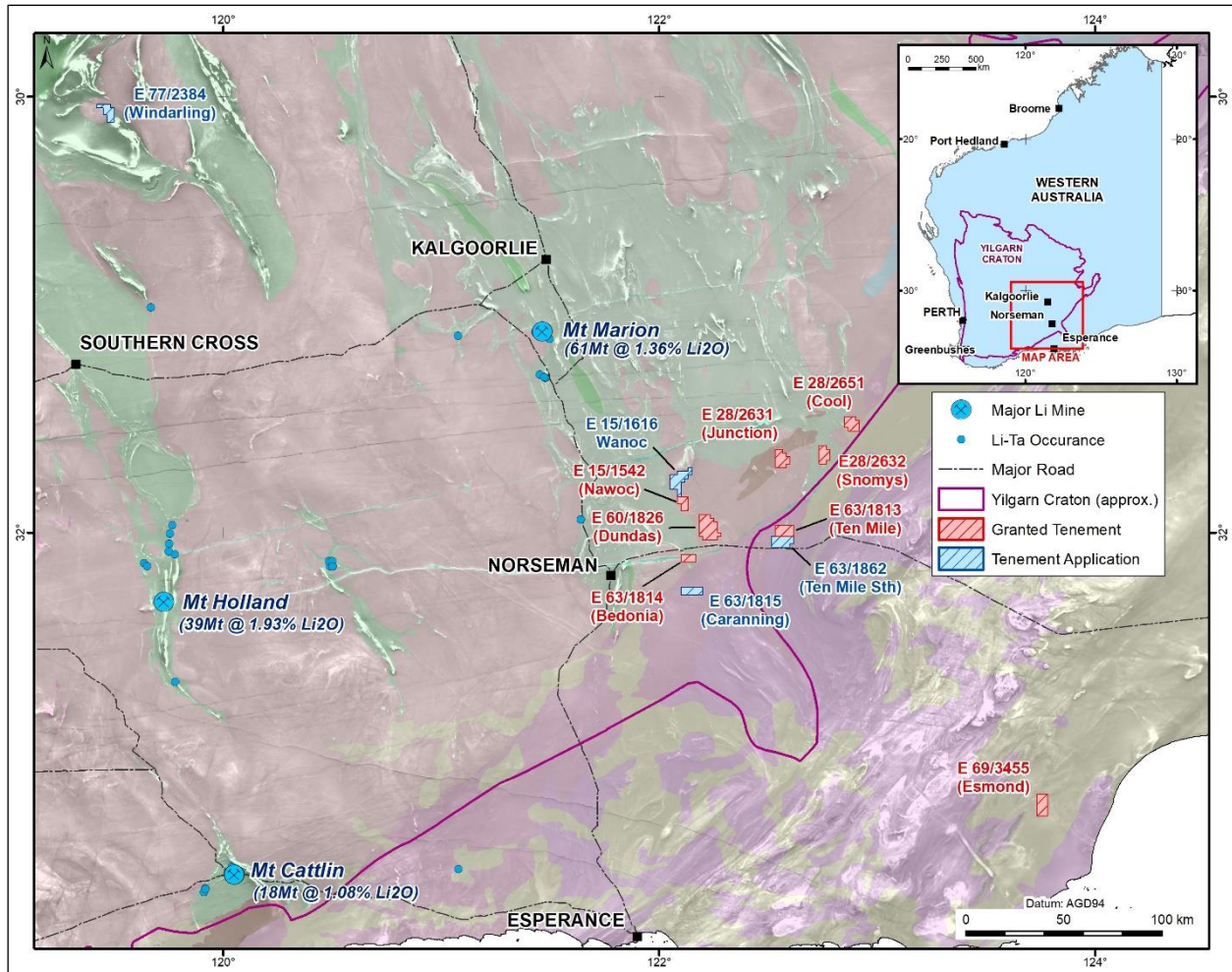
2. Yilgarn Lithium Project (“YLP”), Western Australia, Australia

YLP is a hard-rock lithium project located in the Yilgarn Province of Western Australia.

YLP consists of 12 Exploration Licenses, including 8 granted Exploration Licenses and 4 pending Exploration License Applications, covering 557 km² (see Figure 3).

Spodumene-bearing pegmatite deposits, which have been discovered in the Yilgarn Craton, lie within exposed lithium-fertile “belts”. Geophysics and geological mapping indicate that these belts also trend “undercover” into areas where older host basement rocks are covered by younger rocks and recent sediments.

Figure 3: YLP Exploration Licenses



Source: West Resources Pty Ltd

2.1. Exploration Program

2.1.1. Field Reconnaissance Program

LCME has contracted Newexco Services Pty Ltd, an award-winning WA based geological and geophysical group to execute the exploration program.

The Newexco team has won numerous awards including “Discovery of the Year” at the 2008 Annual Excellence in Mining conference and the 2009 AMEC “Prospector of the Year”.

Newexco completed an initial field reconnaissance program in September 2017 to:

- prepare for the Phase 1 Drill Program;
- identify access to drill sites; and
- investigate occurrences of outcropping bedrock geology in areas with inferred pegmatites.

Drilling spoil (old drill chips) from historical RAB/ Aircore drilling was sampled (where possible).

7 of the 10 licenses were visited and rock chip and historical drilling spoil samples were collected and have been sent for geochemical assaying.

2.1.2. Phase 1 Drill Program

A total of 114 Air-core holes will be drilled for an estimated 4,220m on 7 licenses (see Figure 1). Drilling will be on 14 E-W drill traverses with 200m hole spacing.

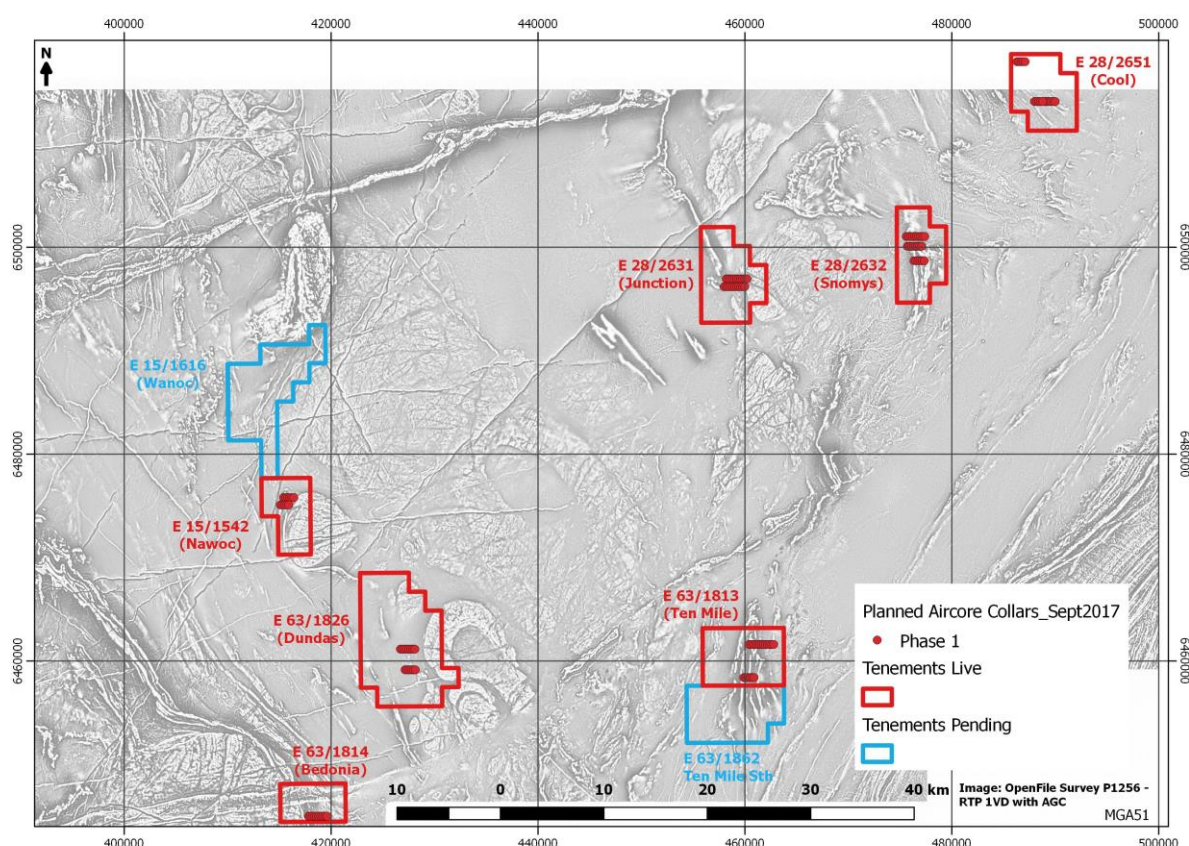
Inferred spodumene bearing pegmatite zones, interpreted from an assessment of open file data, are being targeted through the drill program.

The Phase 1 Drill Program will commence in November 2017.

2.1.3. Airborne Magnetic Survey

A detailed, 50m line spaced, airborne magnetic survey for an estimated 1350 line-km will be acquired over the remote E 69/3455 (Edmond) license.

Figure 4: Phase 1 Exploration Program – drilling locations



Source: West Resources Pty Ltd

3. Eucla Projects (South Australia)

LCME's South Australian Lithium brine tenement portfolio consists of 5 Exploration License Applications which cover a total of 5,680 km² of the Eucla Basin.

The license applications have been placed over a series of partially exposed salt-bearing playa lakes (salt lakes) and their concealed extensions in the Lake Maurice area of the Eucla Basin.

The formal grant of these licenses is subject to completion of the native title process in South Australia.

There was no material activity at the Eucla Basin Project in the September 2017 Quarter.

4. Botswana (80% ownership interest)

Lithium Consolidated Mineral Exploration Ltd ("LCME") completed an initial reconnaissance and shallow pit sampling program at the 6 Prospecting Licences in Botswana in September 2017.

7 pits were dug using handheld tools to investigate sub-surface conditions. A hard silicified layer at <1 metre could not be penetrated by digging shallow pits with handheld tools or by auguring, in a reasonable timeframe.

All evidence suggests that the brines are deeper than can be reached by pitting or auguring.

The 6 water samples collected have been sent to X-LAB Earth, Johannesburg, South Africa (Pty) Ltd for analysis for major ions, density measurements and TDS (total dissolved solids) determinations.

The shallow pit sampling program has shown that further investigation of the brines should be done by rotary air blast ("RAB") drilling.

4.1. RAB Drilling Program

A limited, 5-hole RAB drill program to commence in November 2017.

The drilling will be to the base of the Kalahari Group, which is expected to be to depths of 50 – 60 meters.

The deeper brine reservoirs will be drilled and separately sampled (by casing off the near surface fresh water aquifers).

CORPORATE

The Company continues to review corporate development opportunities as they arise.

Details of the Company's financial activities during the quarter are set out in the Appendix 5B cash flow report.

Capital structure

At the end of the quarter, there were 89,972,122 fully paid ordinary Shares, 5.0 million unlisted Options and 7.5 million unlisted Performance Rights on issue.

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CAUTIONARY STATEMENTS

Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Lithium Consolidated undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

Competent Person Statement

The information in this release that relates to Exploration Results has been reviewed and approved by Jerry Aiken, who is a Registered Member of the Society for Mining, Metallurgy and Exploration (SME). Jerry Aiken is a geologic consultant to the Company, and has extensive experience relevant to the styles of mineralisation and type of deposit under consideration. Mr Aiken is a Competent Person (CP) as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC). Jerry Aiken consents to the inclusion in the release of the concepts and geologic principles expressed in this press release, based on his review in the form and context in which it appears.

Exploration Tenements

Lithium Consolidated held the following interests in claims and tenements at the end of the quarter:

| Project Name | Number of Claims | Lithium Consolidated Interest | Location of Claims |
|--------------|------------------|-------------------------------|--------------------|
| TLP | 471 | 80% | Nevada, USA |

| Tenement Name | Tenement Number | Lithium Consolidated Interest | Location of Tenements |
|----------------------------|--------------------------|-------------------------------|-----------------------|
| Yilgarn Project | | | |
| Bedonia | E 63/1814 | 100% | Western Australia |
| Caranning | E 63/1815 (Application) | 100% | Western Australia |
| Windarling | E 77/2384 (Application) | 100% | Western Australia |
| Esmond | E 69/3455 | 100% | Western Australia |
| Junction | E 28/2631 | 100% | Western Australia |
| Snomys | E 28/2632 | 100% | Western Australia |
| Ten Mile | E 63/1813 | 100% | Western Australia |
| Nawoc | E 15/1542 | 100% | Western Australia |
| Cool | E 28/2651 | 100% | Western Australia |
| Dundas | E 63/1826 | 100% | Western Australia |
| Ten Mile South | E 63/1862 (Application) | 100% | Western Australia |
| Wanoc | E 15/1616 (Application) | 100% | Western Australia |
| Eucla Basin Project | | | |
| Lake Dey Dey | 2016/00127 (Application) | 100% | South Australia |
| Lake Maurice | 2016/00128 (Application) | 100% | South Australia |
| Nurrari | 2016/00129 (Application) | 100% | South Australia |
| Wyola North | 2016/00130 (Application) | 100% | South Australia |
| Wyola South | 2016/00131 (Application) | 100% | South Australia |
| Botswana Project | | | |
| - | 263/2016 | 80% | Botswana |
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