

ASX: Li3
9 December 2019

Execution of Formal Warrigal Mining Acquisition Agreement

Lithium Consolidated Ltd (**Li3**) is pleased to announce that the formal share sale agreement for the acquisition of Warrigal Mining Pty Ltd ACN 613 580 797 (**Warrigal**) has been signed by Warrigal, Li3 and all of Warrigal shareholders (**Agreement**).

As outlined in Li3's Announcement of 21 November 2019, Warrigal either holds or has the right to secure some 26 exploration permits in WA (**Previous Announcement**). Whilst the Previous Announcement outlines the material terms of the proposed acquisition, to update the market Li3 advises as follows:

Parties

The parties to the Agreement are Warrigal, Warrigal's 16 shareholders (**Warrigal Vendors**) and Li3.

Key Warrigal Assets

Warrigal's mining interests were outlined in the Previous Announcement and comprise:

- The Warriedar Project;
- The Messenger Project
- The Euro Project; and
- The Range Project.

Consideration

The Agreement provides for three (3) tranches of consideration to be provided by Li3 as follows:

Tranche 1

- The issue of 5,000,000 Li3 Shares to the Vendors in proportion to their shareholding in Warrigal on closing;
- the issue of 4,000,000 Li3 Shares to the Vendors, in relation to the grant of the Euro Tenement; and
- the issue of 2,637,384 Li3 Shares to the Vendors in relation to the grant of the Messenger Tenement.

Tranche 2

The issue of a total of 5,000,000 Li3 Shares as follows:

- if Warrigal and Li3 agree to exercise an option deed and settle by payment of the sum of \$100,000 in cash, the issue on closing of 5,000,000 Li3 Shares to the Vendors in proportion to their shareholdings in Li3;
- if Warrigal and Li3 agree to exercise an option deed as to part cash (**Cash Amount**) and part by way of the issue of Li3 Shares;

- (1) by the issue of the Cash Amount in value of Li3 Shares calculated to a third-party Ragged Range Pty Ltd (**Ragged Shares**) at the direction of the Vendors to enable Warrigal to complete an option deed (**Ragged Option Deed**); and
- (2) the issue of an amount of Li3 Shares being 5,000,000 less the Ragged Shares to the Vendors in proportion to their shareholding in Warrigal on closing;

Tranche 3

At the election of Li3, either:

- payment of \$200,089.56 in cash; or
- the issue of a total of 4,001,791 Li3 Shares.

Conditions

The Agreement is subject to a number of conditions in respect of each of the 3 tranches.

The conditions include:

Tranche 1

- Li3 completing its due diligence investigations and being satisfied with the same;
- the Buyer having obtained all necessary regulatory approvals that are required (including approvals required by the Listing Rules, the Corporations Act or any other law).

Tranche 2

The exercise of the Ragged Option Deed.

Tranche 3

- variation of an existing agreement between Warrigal and Eastern Goldfields Exploration Pty Ltd ACN 008 896 188.
- obtainment of all relevant authorisations and third-party approvals and consents required in accordance with all applicable regulatory requirements, including the requirements of the WA Mining Act and the ASX Listing Rules.

Completion

Completion of the tranches will take place upon satisfaction of the applicable conditions precedent.

Warranties

Li3 has the benefit in the Agreement of usual and comprehensive warranties on a wide range of matters, including on the standing and title to the Warrigal assets.

Nomination Right

Warrigal will have the right to nominate two (2) persons as directors of Li3 on completion of Tranche 3.

Status

With the Agreement now signed, Li3 is finalising its due diligence on Warrigal and its mining interests.

Li3 will update the market further in due course in respect of the status of the Agreement.

**By order of the Board of
Lithium Consolidated Limited**

For more information, please contact:

Duncan Cornish

Company Secretary

Phone: +61 7 3212 6299

Email: investors@li3limited.com

Please visit us at: www.li3limited.com



LITHIUM CONSOLIDATED LTD

ACN 612 008 358

Phone: +61 7 3212 6299

Fax: +61 7 3212 6250

Address: Level 6, 10 Market Street, Brisbane QLD 4000

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