



LITHIUM CONSOLIDATED

ASX: Li3

21 November 2019

Lithium Consolidated to Acquire Warrigal Mining Extensive Gold and Copper Portfolio Secured Prolific Mining District, Western Australia

Lithium Consolidated Ltd (**Li3**) is pleased to announce that it has entered into a binding term sheet agreement with all the shareholders of the Western Australian based exploration company Warrigal Mining Pty Ltd (**Warrigal**) to acquire 100% of Warrigal.

HIGHLIGHTS:

- **Lithium Consolidated to acquire 100% of Warrigal Mining Pty Ltd**
- **Extensive gold and copper portfolio of 510km² secured**
- **Commanding presence in adjacent mineral provinces of Yalgoo & Mount Magnet**
- **High-quality and advanced exploration projects with known mineralisation**
- **High grade rock chip results recorded in a quartz vein outcrop**
- **Projects within 20km of existing gold processing facility with excess capacity**
- **Exposure to diversified commodity base**

Commenting on the Company's latest progress, Andrew Haythorpe, Chief Executive Officer of Lithium Consolidated, said:

"We are delighted to have secured the first rights to this significant and highly prospective gold and base metals portfolio which bolsters our WA ground holding while diversifying our commodity base."

Warrigal Mining

Warrigal is a Western Australian based resource and exploration company with high-quality exploration projects located in the Murchison Province of Western Australia. The company has an extensive landholding of 510km² across 4 projects in the Mount Magnet and Yalgoo mineral fields 500km North-East of Perth.

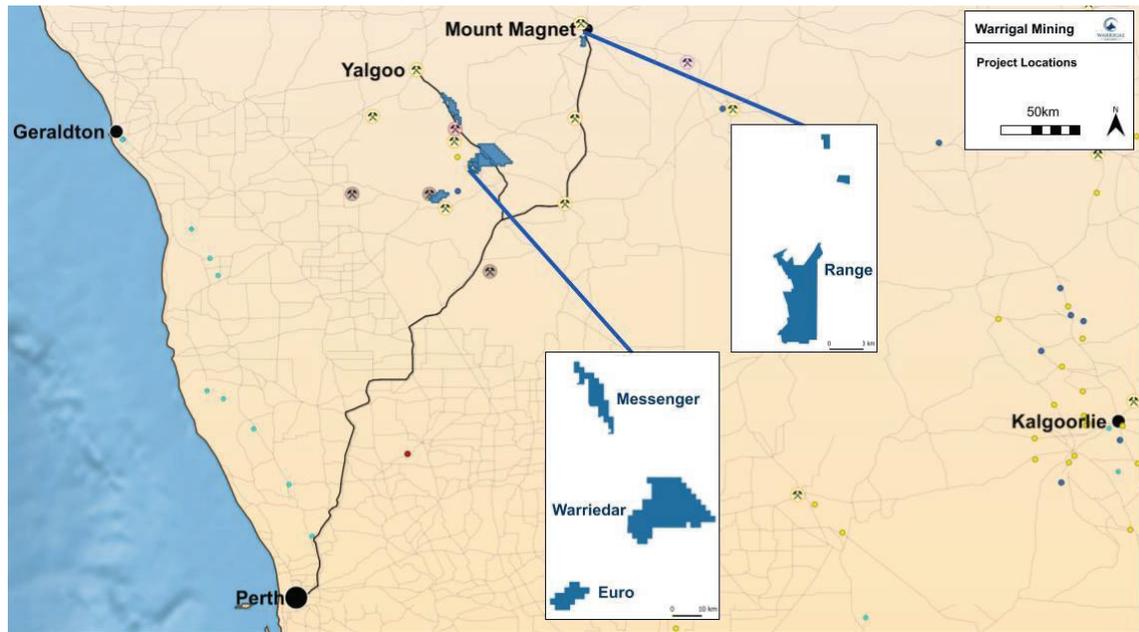


Figure 1: Warrigal Project Location

Warriedar Project

The Warriedar Project is 333km² of granted tenure located in the Warriedar Fold Belt of the Yalgoo-Singleton greenstone belt. The Warriedar Project is centred upon a 2650 Ma mineralised intrusive and is flanked by greenstones and volcanics. Warrigal Mining has identified a significant multi-kilometre intrusive related gold system (IRGS) at the Western prospect area with high grade gold surface samples reported. Whereas the Eastern side of the project has more than 25km of previously unrecognized (and unexplored) greenstone and felsic volcanics considered highly prospective for volcanogenic massive sulphides (VMS) and orogenic gold.

Historical gold production at the Warriedar Mining Centre and State Battery occurred between 1913-1935. The Warriedar region also has a history of base metal production with the Warriedar Mine producing copper between 1958-1969.

The Warriedar Project sits within 20km of two milling and processing facilities being the Minjar Golden Dragon Mine and the EMR Capital Golden Grove polymetallic mine.

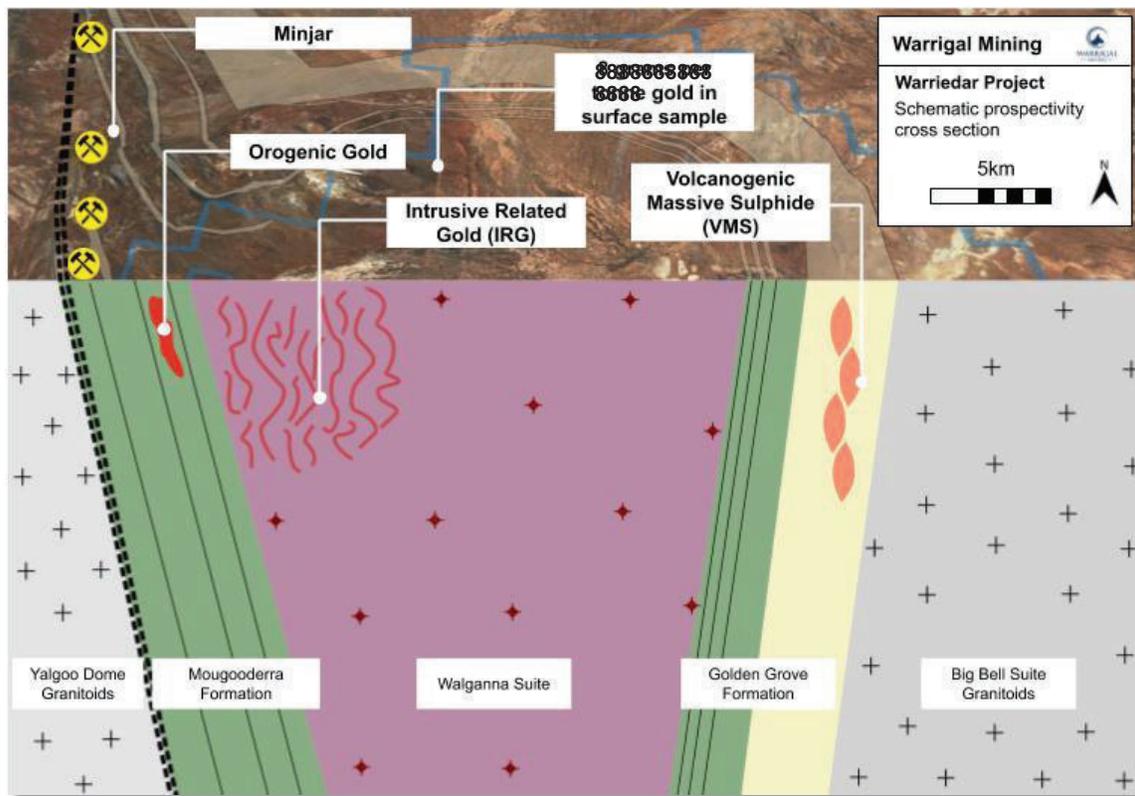


Figure 2: Schematic view of the exploration targets at the Warriedar Project

Messenger Project

The Messenger project covers an area of 93m² along the eastern margin of the Warriedar fold belt and is adjacent to the EMR Golden Grove base and precious metal deposit.

The Messenger Project geology is primarily sedimentary and felsic volcanics including outcrops of the highly desirable Golden Grove and Scuddles Units which host the major VMS mineralization in the district. Large outcrops of underexplored greenstone hosted quartz lodes are also present on the eastern portion of Messenger.

With the original discovery of gold in 1907, Messenger has had an extensive history of artisanal gold production with minimal modern systematic exploration despite being proximal to a world-class VMS camp. Messenger offers outstanding potential for the discovery of greenstone hosted gold, shear hosted gold and VMS.

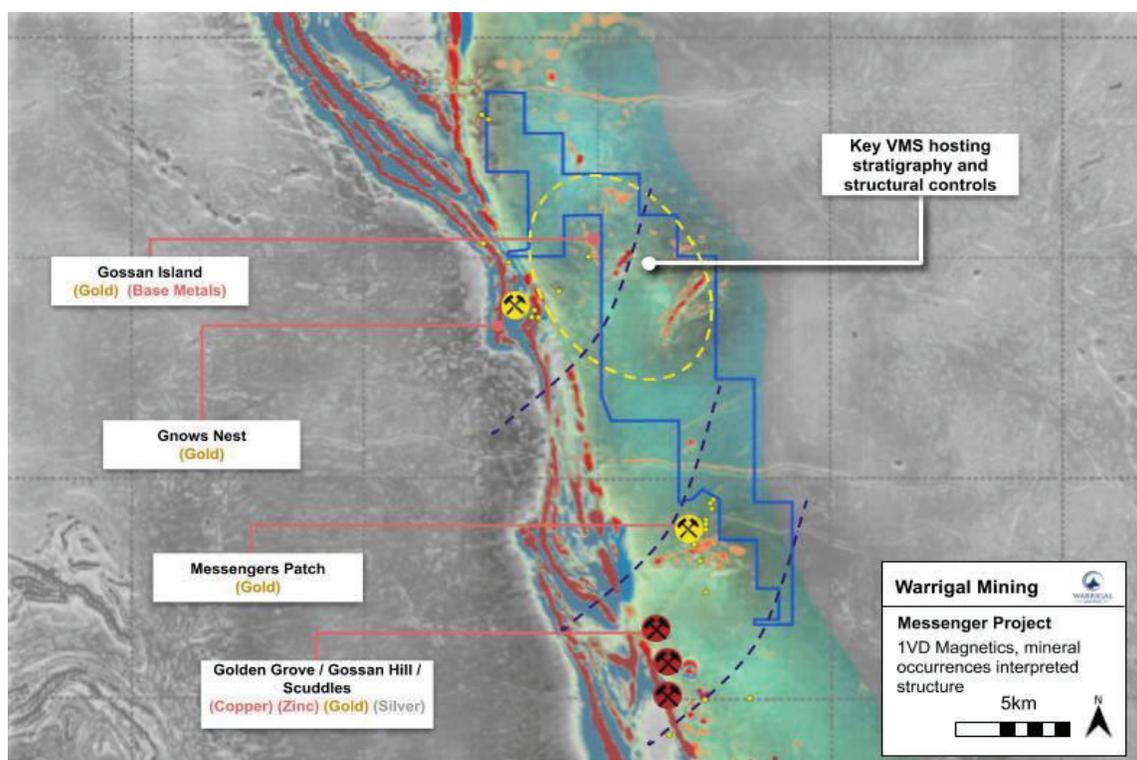


Figure 3: Messenger Project with magnetics and nearby mineral occurrences

Euro Project

The Euro Project is a single 63km² tenement nestled in the hinge of a tightly folded greenstone sequence of the south Yalgoo Greenstone belt. The project is centred upon a number of cross-cutting shear zones known to host significant mineralisation including one major operation and two high profile development projects.

The Karara Iron Ore Mine, Silver Lake Resources' Rothsay Mine; and the Mt Mulgine tungsten/molybdenum deposit are all located within 10km of the Euro Project. Historical drill intercepts of near-surface gold combined with the recent discovery of outcrops of large ultramafic units with spinifex textures (indicative of nickel mineralisation) show the project has significant exploration potential.

Range Project

Located 5km from the town of Mt Magnet which boasts a prolific >6Moz historical production history, the Range Project consists of 20km² of granted tenure covering a continuous 7km long strike length of prime geological real estate.

The project hosts numerous shear hosted and orogenic quartz lodes (which make up the bulk of historic production in the region). However, more recently the regional exploration focus has been towards larger intrusive and porphyry-style mineralisation. The North East trending Boogardie intrusive gold trend being exploited by Ramelius Resource Ltd (ASX:RMS) and the east-west trending Barimaia porphyry discovery by Genesis Minerals Ltd (ASX:GMD) intersect within the Range Project.

Mapping has outlined the presence of the same intrusives along with high-grade alteration (indicators of high-grade mineralisation in porphyry systems) extending from the neighbouring Britannia open pit and through historic shafts.

The Key Terms of the Agreement

The acquisition will proceed on a staged basis with three tranches of consideration to be paid in respect of the acquisition of Warrigal.

Key Terms

Key terms of the agreement are;

(a) Li3 has agreed to issue as an exclusivity fee to the Warrigal shareholders (**Vendors**) 1,253,093 Li3 Shares.

(b) Li3 has agreed to acquire Warrigal over three Tranches;

Tranche 1 comprises:

- 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 on the grant of the Euro Tenement upon grant; and
- the issue of 2,637,384 Li3 Shares on the grant of the Messenger upon grant.

Tranche 2 comprises:

- 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 (**Share Amount**);
 - a. 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; and
 - b. 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 comprises:

- At the election of Li3, either:
 - (1) payment of \$200,089.56 in cash; or
 - (2) the issue of a total of 4,001,791 Li3 Shares.
- The grant of 7,297,423 Li3 Options (exercisable at \$0.10 each on or before 30 September 2019, 37.5% subject to vesting conditions) to the Vendors in proportion to their shareholding in Warrigal (**Tranche 3 Options**).

(c) Completion of the 3 tranches is subject to various conditions including Li3 conducting and being satisfied in all respects with the results of, their legal, financial and technical due diligence investigations in relation to Warrigal.

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

Li3 will update the market in due on progress.

For more information, please contact:

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Competent Person Statement

The information in this announcement that relates to Mineral Resource estimates, Exploration Results and general project comments is based on information compiled by Nicholas Revell, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Revell is a geologist consultant to Lithium Consolidated. Mr. Revell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Revell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.