

ASX Announcement

ASX: Li3

25 May 2018

COMPANY UPDATE

- **New Exploration Assets in Zimbabwe and Mozambique under application**
- **Historical tantalite and artisanal mining districts targeted**

Lithium Consolidated Mineral Exploration Ltd (“**LCME**” or the “**Company**”) is pleased to provide an update on our current portfolio and growth plans.

Our current portfolio has both lithium brine and hard rock lithium exploration assets, which have been subjected to a robust technical assessment and exploration, where justified. This has highlighted the geological prospectivity but also the long lead-time for resource definition and value creation at our current exploration assets.

The market opportunity in lithium, in contrast, is more immediate and will require more advanced assets with a shorter lead-time to resource definition and immediate exploration potential.

The global lithium market continues to grow strongly, however the strongest growth has been in the demand for hard rock lithium concentrate, mainly from off-take customers, seeking future supplies for the continued expansion of hard rock lithium conversion capacity in China.

We recognized the shift in the global lithium industry towards hard rock lithium, in the middle of 2017 and have repositioned the Company accordingly. After having assessed a range of alternatives, we commenced a process in July 2017 to pursue hard rock lithium exploration assets, at a more advanced stage of exploration or which have visible mineralisation (in outcrops or artisanal workings) and with immediate exploration potential.

We have targeted globally significant tantalite districts, given hard rock lithium occurs in Lithium-Caesium-Tantalum (“LCT”) pegmatites, but the early mining of these pegmatites was generally concentrated on tantalite and other pegmatitic minerals such as beryl and niobium, rather than on the lithium bearing spodumene zones.

The African continent has extensive LCT pegmatite belts with prolific historical artisanal mining activity for tantalite and other pegmatitic minerals and which now represent extremely high priority lithium exploration targets.

The pegmatite belts, of Zimbabwe and Mozambique, are now believed to contain some of the largest undeveloped hard rock lithium resources in the world.

The Mozambique and Zimbabwe pegmatites are well known and have been thoroughly mapped but have also had prolonged periods of underinvestment and limited mining activity for many decades after the 1950s and 1960s.

The lithium exploration potential of the Zimbabwe and Mozambique pegmatites is analogous to that of the Pilbara Craton pegmatites, approximately 10 years or so ago.

The historical tantalite districts and known LCT pegmatites of Mozambique and Zimbabwe and abandoned artisanal mines now represent a globally significant opportunity to develop new hard rock lithium resources.

With the assistance of our technical team and our local partners in Africa, we have progressed identifying and securing new, globally significant hard rock lithium exploration assets in Zimbabwe and Mozambique.

1. Africa: New Assets

(a) Zimbabwe

We have applied for new Prospecting Licenses in Zimbabwe with hard rock lithium potential (the “Zimbabwe Licenses”), where a some of these licences have been granted.

The Zimbabwe Licenses (under application and granted) are all located in a historical tantalite mining district.

(b) Mozambique

The Company has applied for new licences in northern Mozambique (the “Mozambique Licenses”).

2. Current Portfolio

(a) 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 16 Exploration Licenses, including 8 granted Exploration Licenses and 8 pending Exploration License Applications, covering 747 km².

The Phase 1 drilling program at YLP was completed in December 2017 and the results confirm the presence of LCT pegmatites, under cover in at least 3 Licenses.

Anomalous levels of Li and associated LCT pegmatite pathfinder elements (i.e. Cs, Nb, Rb, Sn, Ta) were intersected in holes in the E63/1826 (Dundas), E63/1814 (Bedonia) and E63/1813 (Ten Mile) licenses.

The Junction license, which is considered the most prospective of the YLP Licenses was not drilled due to delays from storm weather conditions.

YLP is a relatively early-stage exploration asset with longer-term potential. YLP is a core asset and does warrant further investment to better define the identified LCT pegmatite areas and to drill test the Junction license.

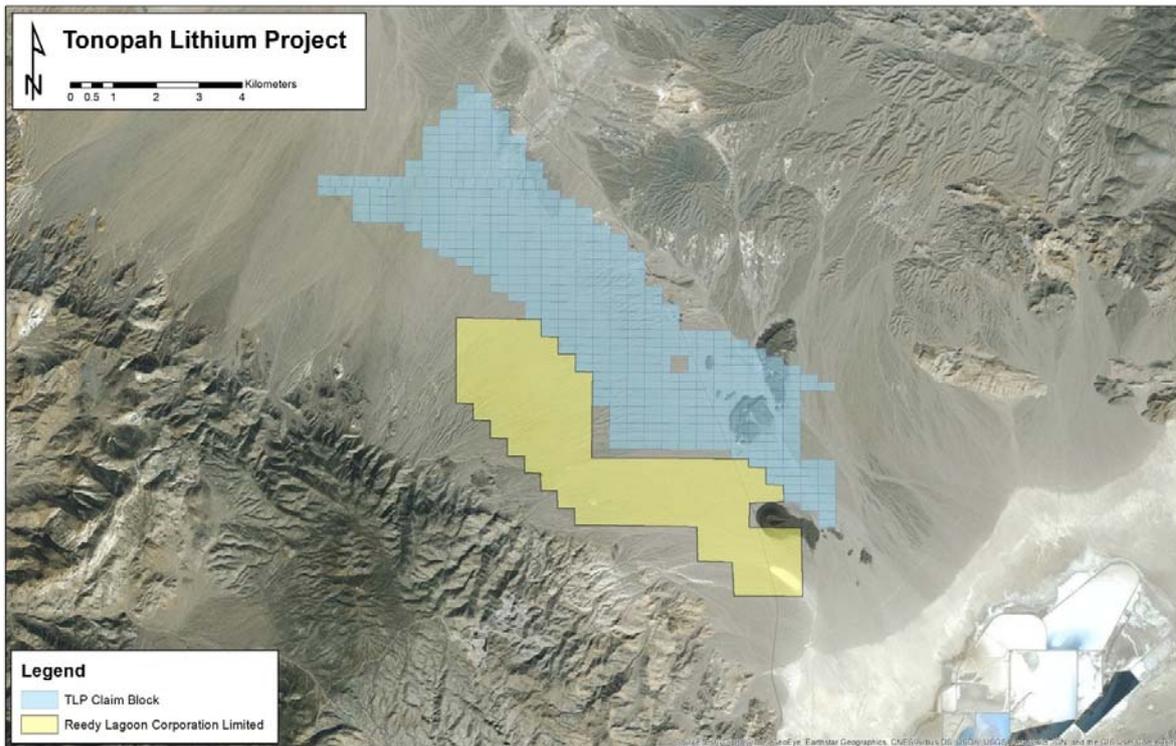
Our ASX Announcements dated 16 January 2018 and 6 April 2018 have additional information on the YLP Phase 1 drilling program and results.

(b) Tonopah Lithium Project (“TLP”), Nevada, USA

In the time since listing, we have undertaken rigorous technical analysis of TLP and prioritised core areas and relinquished other less prospective areas.

TLP is immediately adjacent to Reedy Lagoon Corporation Limited’s (“Reedy Lagoon”) Big Smoky South project (see Figure 1).

Figure 1: Tonopah Lithium Project and Reedy Lagoon’s South Big Smoky project



Reedy Lagoon recently drilled a single hole to a depth of 401 metres at its Big Smoky South project and reported a disappointing result where fluid rates were too low for effective sampling.

We nevertheless believe that TLP remains a premier lithium brine exploration asset in North America. However, we are reviewing our strategic options with respect to TLP, in light of our decision to focus our company on hard rock lithium exploration.

(c) Botswana (80% ownership interest)

A limited drilling program was completed at Prospecting Licences 264/2016 and 266/2016, which are situated over the Ntwetwe Pan, in the Makgadikgadi Depression, in northern Botswana.

The drilling program was designed to test for the presence of lithium bearing brines.

Four samples recorded lithium values in excess of 1.0 mg/ L with the highest being 4.1 mg/L.

These lithium values are very low and not indicative of a viable target for further work in that area.

We are reviewing our options with respect to our exploration assets in Botswana.

Our ASX Announcement dated 27 February 2018 has additional information on the Botswana drilling program and results.

3. Further information on the Zimbabwe and Mozambique Licenses

Further information on the new Zimbabwe Licenses and the Mozambique Licenses will be provided in the coming weeks.

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Competent Person's Statement

Information in this report that related to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Adrian Black. Mr. Black is a director of Newexco Services Pty Ltd, an independent geological consultancy contracted by LCME. Mr Black is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results. Specifically, Mr. Black consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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Forward-looking statements

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