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LITHIUM CONSOLIDATED

**LITHIUM CONSOLIDATED MINERAL
EXPLORATION LTD**

ACN 612 008 358

**CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018**

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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. LCME 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 report that relates to the geological descriptions of the Company's Zimbabwe Projects is based on information reviewed and compiled by Michael Cronwright, a Competent Person who is a fellow of The Geological Society of South Africa and Pr. Sci. Nat. (Geological Sciences) registered with the South African Council for Natural Professions. Mr Cronwright is a Principal Consultant with The MSA Group (Pty) Ltd, a South African based consultancy. Mr Cronwright has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cronwright consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report that related to Exploration Results for the Company's Yilgarn Lithium Project (in Western Australia) 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.

The information in this report that relates to Exploration Results for the Company's Nevada USA Project has been reviewed and approved by Max Baker, who is a Registered Member of the Australasian Institute of Mining and Metallurgy. Max Baker is a geologic consultant to the Company, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration, to qualify as 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). Max Baker consents to the inclusion in the release of the concepts and geologic principles expressed in this report, based on his review in the form and context in which it appears.

Corporate Information

Directors and Company Secretary

Mr Brian Moller (Chairman)

Mr Shanthar Pathmanathan (Executive Director)

Mr Vincent Mascolo (Non-executive Director)

Mr Duncan Cornish (Company Secretary)

Head Office and Registered Office

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ASX Code: LI3

Australian Company Number

612 008 358

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Commonwealth Bank of Australia

180 Ann Street

Brisbane QLD 4000

Letter from the Chairman

Dear Shareholder

Lithium Consolidated Mineral Exploration Ltd ("Li3" or the Company) has made significant progress in restructuring and repositioning its global lithium exploration portfolio in the past financial year.

The Company has focused much of its activities in the past year in supplementing its existing portfolio of assets in Nevada and Australia by identifying and securing new prospective ground in Africa, with an emphasis on Zimbabwe and Mozambique.

Zimbabwe is the fifth largest global producer of lithium and is an attractive mining jurisdiction.

The Company has secured a number of highly prospective areas under both application and grant in Zimbabwe, with early development and production potential, which will be the subject of early technical work and then a drilling program.

The ground secured has been supplemented by Li3 reaching agreement to acquire the Bepe and Kondo mines. Due diligence is progressing and Li3 is excited at the potential exploration upside presented by both the granted licenses and the proposed acquisition.

In Mozambique, Li3 has identified a number of prospective hard rock lithium ground and applied for several licences. Mozambique has a prolific history of pegmatite mining and Li3 is delighted to have moved swiftly to secure very prospective ground.

In Nevada, despite the disappointing results obtained by other listed companies in areas proximate to Li3's Nevada Tonapah claims, Li3 still considers its Nevada claims to be have considerable potential and to be highly prospective lithium brine assets. As such, Li3 has carefully assessed and retained the most prospective claims and will continue to evaluate the preferred course for monetizing this asset.

In Western Australia (WA), the Company undertook an initial drilling program and aims to progress further evaluation of its WA ground in the coming year.

After completion of initial work programs in Botswana and disappointing results, Li3 has opted to not proceed with its Botswana licences.

Jim McKerlie, the founding chairman, stood down in late 2017 and on behalf of the board, I would like to thank Jim for his contribution and wish him well in his other endeavours.

I also wish to thank Shanthar Pathmanathan our CEO and MD for his tireless efforts during the year and also our technical team.

On behalf of the Board, I would like to thank you for your support of the Company and look forward to bringing you further news as our exploration efforts continue.

Yours faithfully

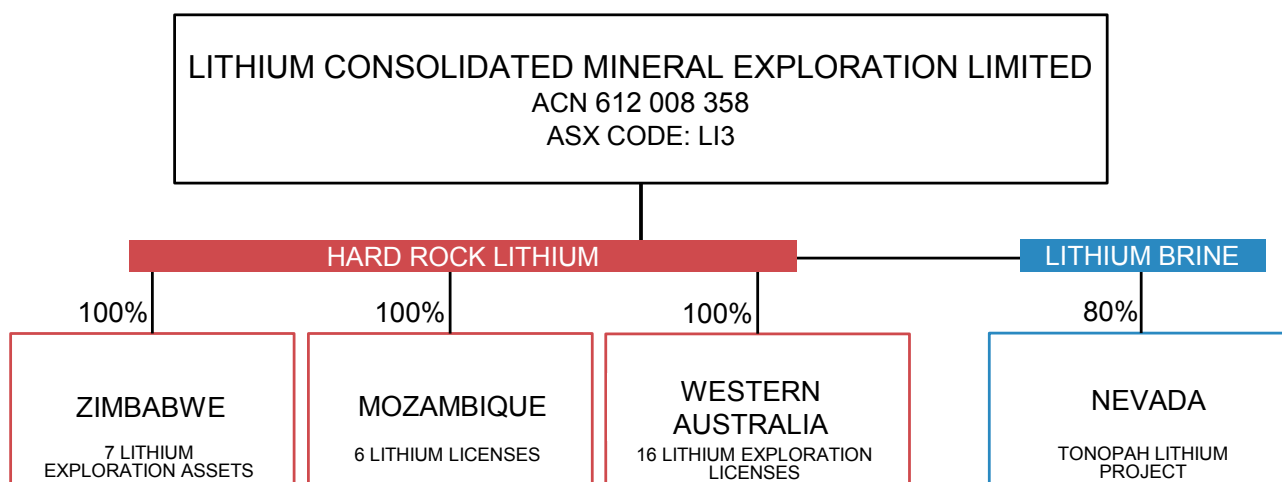
Brian Moller
Chairman

Review of Operations

Exploration and development activities at the Group's assets during the year are detailed below.

Our portfolio consists of:

- 100% of 7 lithium exploration assets in the Mutare Greenstone Belt in Zimbabwe;
- 100% of 6 license applications in the Alto Ligonha Pegmatite Province of northern Mozambique;
- 100% of Yilgarn Lithium Project ("YLP") in Western Australia which consists of 16 Exploration Licenses, including 11 granted Exploration Licenses and 5 Exploration License Applications, covering 747 km²; and
- 80% of the Tonopah Lithium Project ("TLP") in Nevada, USA, a premier lithium brine exploration project in North America.



Note: Ownership in Western Australia License subject to 2.0% Royalty

Our portfolio has been substantially restructured during Financial Year 2018 by:

- Securing additional hard rock lithium assets which are essentially 'brownfield' opportunities based on at-surface or close-to-surface LCT pegmatite exploration targets with visible lithium mineralisation in historical workings and outcrops; and
- Divesting some of our lithium brine exploration assets.

We recognized a shift in global lithium customer demand in favour of hard rock lithium, in the middle of 2017, and have restructured the portfolio accordingly. After reviewing a number of alternatives, we commenced a process in July 2017 to pursue hard rock lithium exploration assets in Mozambique and Zimbabwe.

In the process of identifying new opportunities, in Western Australia, Zimbabwe and Mozambique, which we consider to be the next great frontiers for hard rock lithium, our world-renowned technical team has developed, world-leading geoscientific intellectual property for identifying new LCT pegmatite targets in these lithium provinces.

With the assistance of our technical team and our local partners in Africa, we have dealt directly with the relevant Government authorities in Zimbabwe and Mozambique to secure new lithium exploration licenses.

We have targeted globally significant tantalite districts in Mozambique and Zimbabwe, given both countries are extensively endowed with Lithium-Caesium-Tantalum ("LCT") pegmatites, but the early mining of these pegmatites was generally for tantalite and other pegmatitic minerals such as beryl and niobium, but not for lithium minerals.

Review of Operations

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.

Our Yilgarn Lithium Project in Western Australia are in a jurisdiction with a very low level of sovereign risk and premised on concealed hard rock lithium targets, as opposed to hard rock lithium at surface at our African assets. The Phase 1 drilling at the Yilgarn Lithium Project has confirmed the presence of concealed LCT pegmatites in at least 3 Licenses.

The portfolio is complemented by our strategic exposure to the North American lithium brine sector through an 80% interest in the Tonopah Lithium project, which remains a premier lithium brine exploration asset in North America.

The 2018 portfolio restructuring has led to further diversification in terms of:

- hard rock lithium and lithium brine exploration assets;
- greenfield exploration opportunities in Western Australia and brownfield exploration opportunities based on historical artisanal mines in Africa;
- concealed LCT pegmatite targets in Western Australia and pegmatites at surface in Africa with visible mineralisation in workings and outcrops; and
- presence in four (4) countries with varying levels of sovereign risk.

Our next 12 months strategy is to:

- 1) Secure highly prospective lithium exploration assets;
- 2) Selectively explore and develop our exploration assets; and
- 3) Maximize our future share of the global lithium market.

African Hard Rock Lithium

The Company has focussed on the historical tantalite districts in Zimbabwe and Mozambique, based on our belief that these countries will be the next great frontiers in hard rock lithium.

Zimbabwe and Mozambique have had a dearth of exploration and mining and minerals sector activity since the 1950s and 1960s, due to civil wars and challenging political and economic conditions. There is a nascent recovery in Zimbabwe following the political changes in late 2017, but the economic recovery in Mozambique is well advanced.

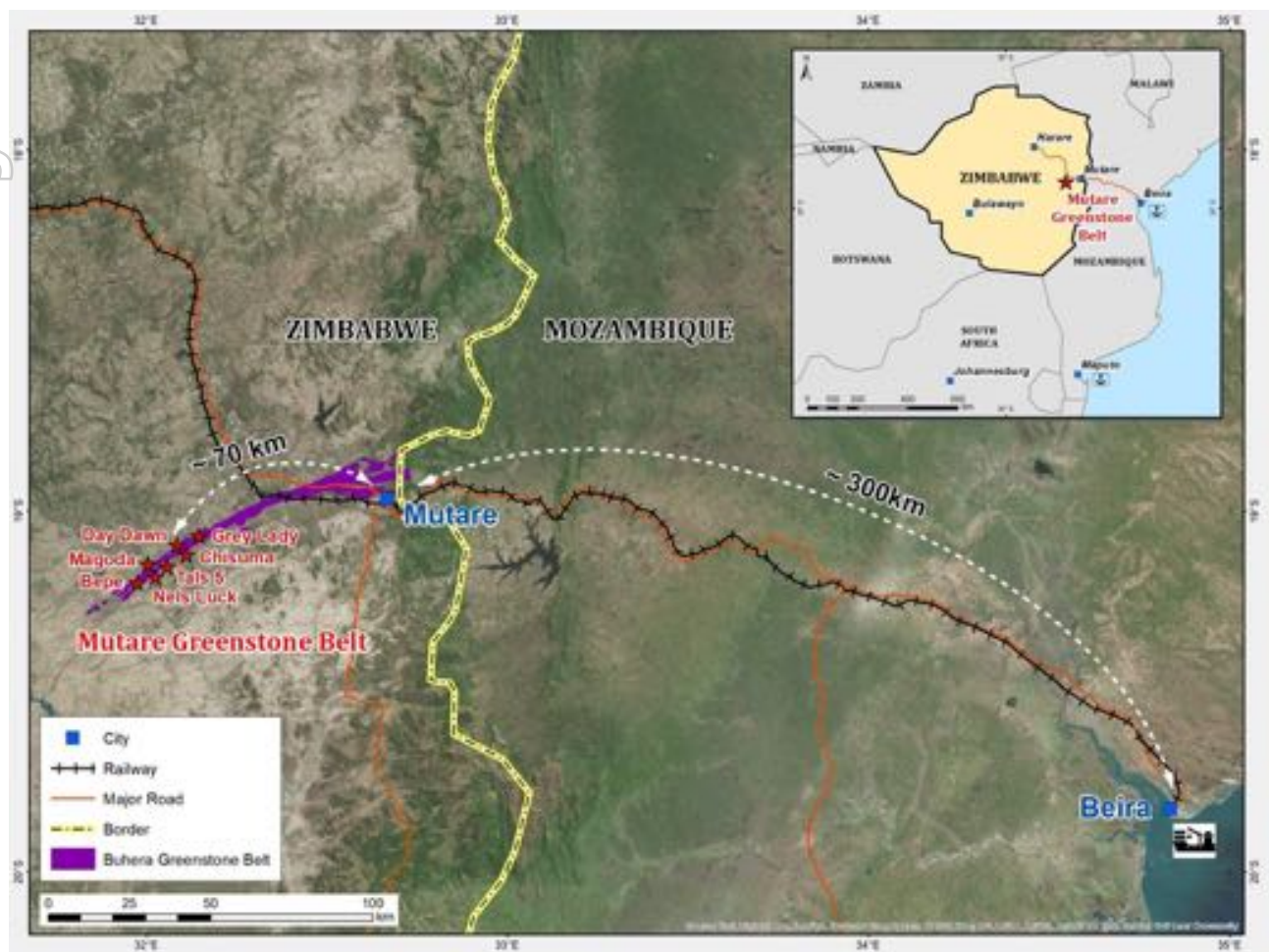
The Zimbabwe and Mozambique pegmatites, which include LCT style pegmatites, remain largely unexploited and under-explored due to prolonged periods of underinvestment since the 1950s and 1960s.

The history of lithium exploration in Zimbabwe and Mozambique is analogous to that which existed in the Pilbara Craton pegmatites, in Western Australia, approximately 10 years or so ago, based on the Company's extensive research and investigations.

The Zimbabwe and Mozambique assets are ideally located, being close to land and rail infrastructure and within 300km of the ports of Beira and Nacala in Mozambique.

Review of Operations

Figure 1: Mutare Greenstone Belt – Location and Infrastructure



Zimbabwe Hard Rock Lithium

The Company has secured seven (7) lithium exploration assets in the Mutare Greenstone Belt ("MGB"), located close to the border-town of Mutare in eastern Zimbabwe.

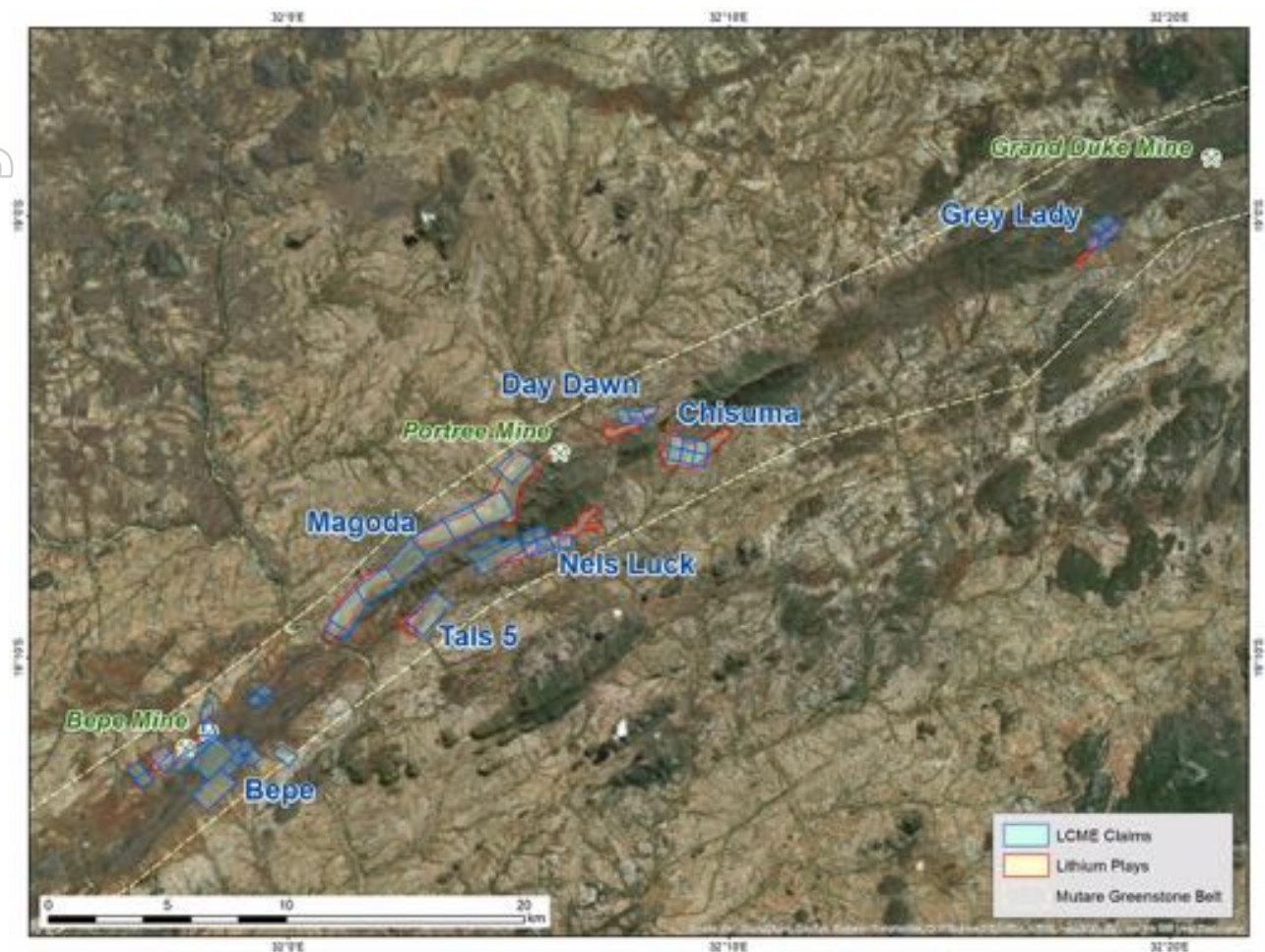
The MGB has:

- locally extensive LCT pegmatites which were historically mined for beryl, tantalite, cassiterite, and lithium minerals;
- flat-lying pegmatites that could be suited to open pit mining, depending on the results of future evaluation;
- additional potential for lithium mineralization in surrounding clusters of pegmatites; and
- spodumene, petalite, and lepidolite mineralised pegmatites, identified in outcrops and in the historical workings.

The Zimbabwe Assets are 300km from the port of Beira in Mozambique and approximately 60km from the Mutare Railhead on the border between Zimbabwe and Mozambique, which is connected to the port of Beira in Mozambique by the operating Mutare-Beira railway line.

Review of Operations

Figure 2 - Mutare Greenstone Belt – 7 Lithium Exploration Assets^(a)



Note:

- (a) Additional Licenses under application for new areas of interest not shown on this map.
- (b) Some of the Licenses on this map are outside of the exploration asset areas and will be relinquished.

Land Management

The Company has applied to the Ministry of Mines and Mining Development in Zimbabwe for 48 new Prospecting Licenses over an area of 2,340 ha (23.40km²), of which 29 have been granted.

Exploration

The Company has completed the following preliminary exploration work for the purposes of selecting areas of License Applications:

- interpretation of satellite imagery, using spectral signatures (i.e. variations in colour of outcrops and soils), to identify historical workings and potential strike extensions of the known pegmatites and previously unidentified satellite pegmatites; and
- site investigations to confirm the presence of the pegmatites identified from the image interpretation and any potential lithium mineralization.

Further exploration will commence upon formal grant of all 48 Prospecting Licenses and will comprise initially of field mapping and rock chip sampling of the outcrops and historical workings. This will be followed by a systematic surface geochemical sampling program.

Review of Operations

A Phase 1 drilling program would then be implemented based on the results of the surface geochemical sampling program.

Mozambique Lithium

The Company has applied for six (6) lithium exploration licenses in the Alto Ligonha Pegmatite Province of central-northern Mozambique.

The Alto Ligonha Pegmatite Province of northern Mozambique is a historic source of tantalite and beryl, and was famous for its gemstones, and rare and unique mineral specimens.

The main concentration of economic pegmatites in northern Mozambique occurs within the Alto Ligonha Pegmatite field close to the town of Alto Ligonha. It forms part of a 170 km long belt, orientated NE-SW which extends from Mocubela, in the south, to Alto Ligonha, in the north.

Numerous other smaller, less significant pegmatite districts occur around this belt, within an area of approximately 200km radius of the town of Alto Ligonha. The entire region could be referred to as the Alto Ligonha Pegmatite Province or the northern Mozambique pegmatite province and encompasses almost every pegmatite in Mozambique.

Land Management

The Company has applied to the Ministry of Mineral Resources & Energy for six (6) new Prospecting and Research Licenses in the Alto Ligonha Pegmatite Province of northern Mozambique.

Exploration

The 2019 Mozambique exploration program will commence upon formal grant of all six (6) Licenses.

The exploration program will comprise initially of field mapping and rock chip sampling of the outcrops and historical workings. This will be followed by a systematic surface geochemical sampling program.

A Phase 1 drilling program would then be implemented based on the results of the geochemical sampling program.

Tonopah Lithium Project, Nevada, USA

TLP is in the Clayton Valley, in West Central Nevada, in the United States of America. TLP consist of 425 placer claims.

Land Management

425 placer claims were renewed on 31 August 2018 and 14 have been forfeited due to a conflict with a highway right-of-way. The Company intends to secure new Claims over the non-conflicting portions of the 14 forfeited claims.

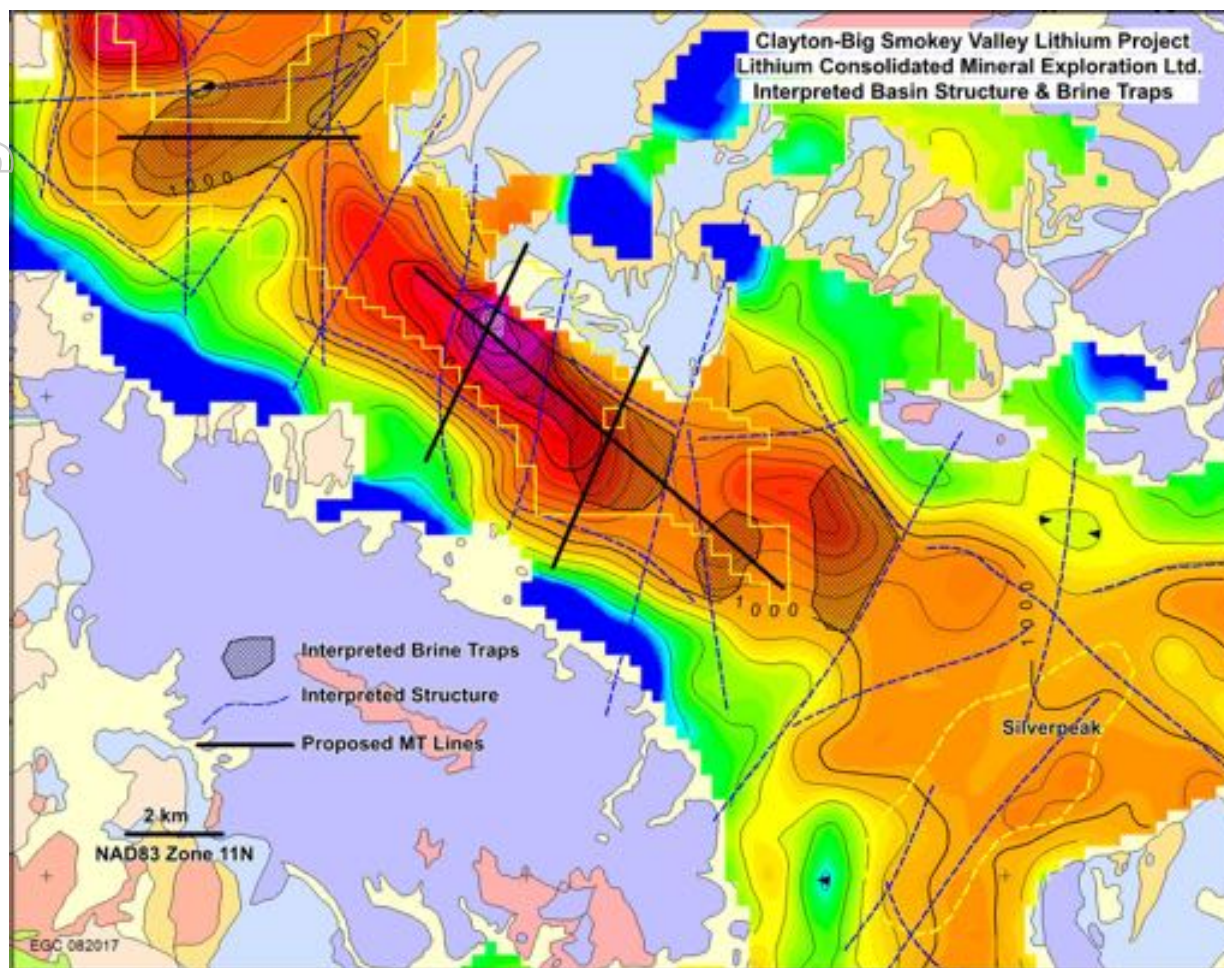
Exploration

SRK completed a technical review and provided positive validation of the lithium brine resource potential at TLP and has recommended progressing with the early-stage exploration.

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 remodelled in August 2017 and shows a number of potential lithium brine reservoir targets (see Figure 3).

Review of Operations

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



Source: Ellis Geophysical Consulting Inc.

Yilgarn Lithium Project, Western Australia, Australia

The Yilgarn Lithium Project ("YLP") is a hard-rock lithium project located in the Yilgarn Province of Western Australia.

YLP consists of 16 Exploration Licenses, including 11 granted Exploration Licenses and 5 pending Exploration License Applications, covering 747 km².

The YLP Exploration Licenses are located over extensions of known lithium-fertile belts, proximal to granites known to act as sources of LCT pegmatites, within covered areas of Archean Yilgarn Craton and hold the potential for hard-rock spodumene (lithium mineral) bearing pegmatite mineralisation, similar to that found at Greenbushes and Mt Marion. Emphasis in area selection guided targeting to areas of shallowly-concealed bedrock because of the long history of prospecting in much of the Yilgarn Province.

Land Management

YLP consists of 11 granted Exploration Licenses and 5 pending Exploration License Applications.

E 77/2384 (Windarling) and E 63/1815 (Caranning), overlap conservation reserves and have been referred to the Department of Biodiversity, Conservation and Attractions for the Minister's comment and recommendations.

E28/2743 (Salmon), E63/1877 (Dundas North), and E28/2732 (Junction North) are currently being processed through the Native Title future act process.

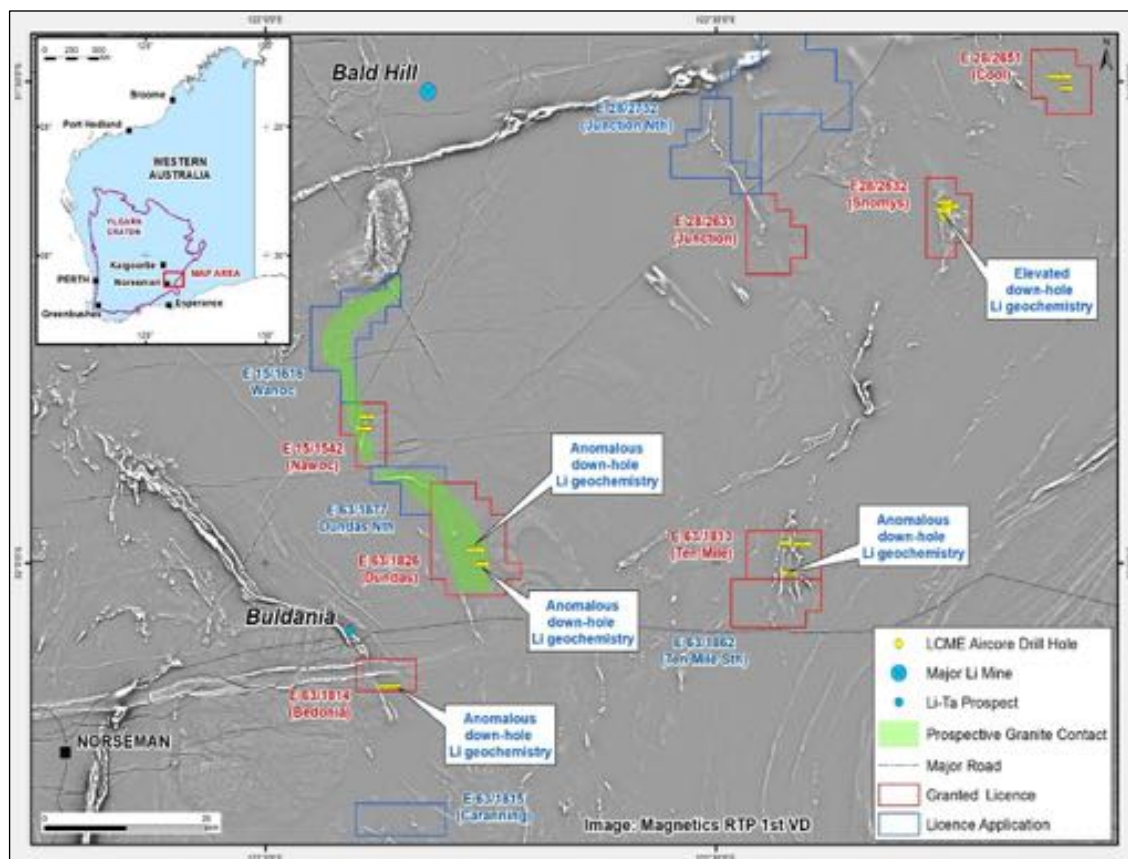
Review of Operations

E77/2384 (Windarling) needs to be processed through the Native Title Act future act process. There is currently no overlapping native title claim and if no claim is lodged prior to grant it is expected that there will be no heritage agreement in relation to this tenement.

Exploration

A Phase 1 drilling program at YLP was completed in December 2017 and the geochemical results were received and interpreted during the March 2018 Quarter.

Figure 4 - Regional Location of the Drilling



The results indicate the presence of Lithium-Caesium-Tantalum (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. Elevated levels of LCT pegmatite pathfinder elements were also intersected in several holes at Snomye.

Anomalous LCT pegmatite pathfinders were identified at the Dundas License in and around the intersected weathered pegmatites in both aircore drill hole traverses, approximately 1.6km apart. Airborne magnetic data used to target the Dundas area indicates that the prospective zone is open to the north and south of the current drilling.

LCME believes that the Dundas area is the southern part of a buried LCT pegmatite corridor. LCME currently holds the Licenses to the north of the current Aircore lines over an area covering approximately 40km of the prospective granite contact zone and potential LCT pegmatite corridor.

E69/3540 (Esmond) has now been covered with a 1,350 line-km detailed airborne magnetic survey. Analysis of the data is ongoing, but first results of the analysis indicate the licence is prospective with further evaluation warranted. Selected targets within this licence will be evaluated with aircore drill traverses, because transported cover likely precludes effectiveness of surface geochemistry as a

Review of Operations

search tool. The region of the licence is generally regarded as being prospective because some of the granites display strongly elevated Rb values in open-file State geochemical data sets, and display appropriate signatures within the published State aeromagnetic data.

Table 1 - YLP Exploration License details

| License No. | Name | Granted | Area (km ²) |
|-------------|----------------|-----------|-------------------------|
| E28/2632 | Snomys | 12-Jun-17 | 38 |
| E15/1542 | Nawoc | 12-Jun-17 | 29 |
| E69/3455 | Esmond | 12-Jun-17 | 52 |
| E28/2631 | Junction | 12-Jun-17 | 47 |
| E63/1813 | Ten Mile | 12-Jun-17 | 44 |
| E77/2384 | Windarling | Pending | 42 |
| E63/1814 | Bedonia | 12-Jun-17 | 23 |
| E63/1815 | Carranning | Pending | 35 |
| E28/2651 | Cool | 12-Jun-17 | 41 |
| E63/1826 | Dundas | 12-Jun-17 | 93 |
| E63/1862 | Ten Mile South | 07-Jul-17 | 49 |
| E15/1616 | Wanoc | 17-Jul-17 | 64 |
| E28/2743 | Salmon | Pending | 120 |
| E69/3540 | Esmond NE | 09-Dec-17 | 23 |
| E63/1877 | Dundas North | Pending | 26 |
| E28/2732 | Junction North | Pending | 53 |

Directors' Report

The directors submit their report on the consolidated entity ("Group") consisting of Lithium Consolidated Mineral Exploration Ltd and the entities it controlled at the end of, and during, the financial period ended 30 June 2018.

Directors

The following persons were directors of Lithium Consolidated Mineral Exploration Ltd during the financial period and up to the date of this report, unless otherwise stated:

Mr Brian Moller
 Mr Shanthar Pathmanathan
 Mr Vincent Mascolo
 Mr James McKerlie (resigned 17 November 2017)

Information on Directors

The board has a strong combination of technical, managerial and capital markets experience. Expertise and experience includes operating and mineral exploration. The names and qualifications of the current directors are summarised as follows:

Brian Moller – Non-Executive Chairman

Mr Moller specialises in capital markets, mergers and acquisitions and corporate restructuring, and has acted in numerous transactions and capital raisings in the industrial, resources and energy sectors. He has been a partner at the legal firm, HopgoodGanim for 30 years and leads the Corporate Advisory and Governance practice. Mr Moller acts for many publicly listed companies in Australia and regularly advises boards of directors on corporate governance and related issues.

Mr Moller is a solicitor of the Supreme Court of Queensland and Solicitor and Barrister of the Supreme Court of Western Australia.

Mr Moller is a Non-Executive Director of ASX listed Aguia Resources Ltd, DGR Global Ltd, Platina Resources Ltd, Dark Horse Resources Ltd (formerly Navaho Gold Limited) and chairman of ASX listed AusTin Limited and the dual TSX and AIM-listed SolGold plc.

During the past three years, Mr Moller has also served as a director of the following listed companies:

- DGR Global Ltd*
- Aus Tin Mining Limited*
- Dark Horse Resources Limited*
- Aguia Resources Limited*
- Platina Resources Ltd*
- Solgold PLC*^

**denotes current directorship*

^denotes listed on the Toronto Stock Exchange and the Alternative Investment Market of the London Stock Exchange

Mr Moller is a member of the Audit & Risk Management Committee.

Shanthar Pathmanathan - Chief Executive Officer and Executive Director

Mr Pathmanathan has 15 years corporate finance experience. He was most recently with Deutsche Bank's investment banking division and prior to that has held corporate finance and principal investment roles with Macquarie Group's investment banking division in Australia and New York.

He has a Bachelor of Laws from the University of Western Australia.

Directors' Report

During the past four years, Mr Pathmanathan has not served as a director of any other listed company.

Vince Mascolo - Non-Executive Director

Mr Mascolo is a qualified mining engineer with extensive experience in gold and coal mining, quarrying and civilworks. He has been a director of various public and private companies over the past 26 years and is currently Chief Executive Officer and Managing Director of AIMlisted IronRidge Resources Ltd.

During the past three years, Mr Mascolo has also served as a director of the following listed companies:

- DGR Global Ltd*
- Ironridge Resources Limited*^

**denotes current directorship*

^denotes listed on the Alternative Investment Market of the London Stock Exchange

Mr Mascolo is a member of the Audit & Risk Management Committee.

James McKerlie - Non-Executive Chairman (resigned 17 November 2017)

Mr McKerlie is a senior director with many years' experience on public company boards in Australia and overseas. He is a Chartered Accountant and business consultant and has been extensively involved in shareholder management, capital and equity markets, M&A activities, takeover panel reviews, high growth companies and corporate governance matters.

Mr McKerlie is experienced in the role of the chair of boards and committees having been chairman of Drillsearch Energy for eight years whilst the company enjoyed significant growth before merging with Beach Energy where he continues as a director. He is also currently chairman of Manalto Limited and Elmo Software Ltd and has previously chaired the boards of inthehouse.com Ltd, Two Way TV Ltd, Circumpacific Ltd (TSXV) and several other public oil and gas ASX listed entities.

In addition to working extensively in the energy sector, Mr McKerlie has extensive experience in technology companies and has worked extensively in innovative and disruptive environments. For three years he was a judge on the Ernst & Young Entrepreneur of the Year. He has worked throughout Asia Pacific, North America, UK, Europe and South Africa. He has also had 25 years of media presentation experience in radio, television and the print media, is a regular speaker and writer.

During the past three years, Mr McKerlie has served as a director of the following ASX listed companies:

- Beach Energy Limited*
- Elmo Software Limited*
- Manalto Limited (resigned September 2017)
- Drillsearch Energy Ltd (from August 2008 to February 2016)

**denotes current directorship*

Mr McKerlie was a member of the Audit & Risk Management Committee and resigned on 17 November 2017.

Company Secretary

Mr Cornish is a Chartered Accountant with significant experience as public company CFO and Secretary, focused on junior resource companies, as well as financial, administration and governance.

Directors' Report

Mr Cornish is an accomplished and highly efficient corporate administrator and manager. He has more than 20 years' experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PricewaterhouseCoopers.

He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising, company listings and company secretarial responsibilities, and serves as company secretary and chief financial officer of several Australian and Canadian public companies.

Mr. Cornish holds a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants.

Interests in Securities

As at the date of this report, the interests of each director in shares and options issued by the Company are shown in the table below:

| Directors | Shares | Unlisted Options (\$0.10 @ 1-Jan-19) | Unlisted Performance Rights |
|-----------------|-----------|-----------------------------------------|--------------------------------|
| B. Moller | 1,530,000 | - | 500,000 |
| S. Pathmanathan | 636,750 | - | 5,000,000 |
| V. Mascolo | 550,000 | 1,000,000 | 500,000 |

Principal Activities

The principal activity of the Group during the period was lithium exploration.

Corporate

Lithium Consolidated Mineral Exploration Pty Ltd was incorporated as an Australian proprietary company limited by shares on 22 April 2016. It converted to a public company on 18 November 2016.

On 8 November 2016 the Company lodged a prospectus with the Australian Securities and Investments Commission seeking a listing on the ASX and an Initial Public Offering ("IPO") to raise between \$8.0 million to \$9.0 million. The Company issued first, second and third supplementary prospectuses dated 12 December, 2016, 12 January 2017 and 27 January 2017 respectively, before lodging a further 'refresh' prospectus on 3 February 2017 ("Supplementary Prospectuses"). The main outcome of these Supplementary Prospectuses was to change the proposed IPO raising to \$5.0million to \$8.0million and extend the IPO closing date to 6 March 2017.

The Company successfully met all the conditions required to list on the ASX, listing on 27 March 2017, raising \$5,321,299.

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year.

Review of Operations

Information on the operations of the Group during the financial year and up to the date of this report is set out separately in the Annual Report under Review of Operations.

Directors' Report

Operating Results

The Group's operating loss for the financial year was \$1,707,228 (2017: \$1,189,734). Exploration and evaluation expenditure before the write-off during the year totalled \$809,856 (2017: \$3,097,852). The increased loss was caused principally by:

- General corporate and administrative expenses (\$377,776);
- Employee benefits expense (\$470,103);
- Business Development (\$269,665);
- Exploration assets impairment (\$77,206);
- Exploration expenses (\$102,378);
- Legal expenses (\$110,319); and
- Share-based payments (\$354,454).

Review of Financial Condition

Capital Structure

As at 30 June 2017 the Company had 89,972,122 ordinary shares, 7,500,000 performance rights and 4,000,000 options on issue.

During the year ended 30 June 2018, the following shares were issued:

- 200,000 shares were issued for nil consideration upon exercise of performance rights on 24-Jan-18; and
- 327,000 shares were issued for nil consideration on 29-Jun-18 to consultants of the Company for services rendered.

During the year ended 30 June 2018, the following performance rights and options were issued:

- 477,000 performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to consultants for nil consideration on 29-Jun-18;
- 654,000 options were granted to consultants for nil consideration. The options vested on grant date, with an exercise price of \$0.25 and expire on 29-Jun-20.

On 24 January 2018 600,000 performance rights expired.

As at 30 June 2018 the Company had 90,499,122 ordinary shares, 7,177,000 performance rights and 6,154,000 options on issue.

Financial Position

At 30 June 2018, the Group's net assets totalled \$5,965,912 (2017: \$7,384,423) which included cash assets of \$1,948,081 (2017: \$3,480,927). The movement in net assets largely resulted from the following factors:

- Exploration assets impairment of \$77,206;
- Operating losses other than the exploration assets impairment of \$1,630,022;
- Cash outflows from operating activities of \$1,122,119;
- Cash outflows on exploration and evaluation assets of \$803,403; the were partially offset by
- the repayment of a loan of \$383,199.

Throughout the year the Group focussed on:

- The identification and acquisition of its lithium exploration projects in Mozambique, Zimbabwe and Australia; and
- Commencing exploration on the Group's projects.

The Group's working capital, being current assets less current liabilities has decreased from \$3,545,999 in 2017 to \$1,781,622 in 2018.

Directors' Report

Treasury policy

The Group does not have a formally established treasury function. The Board is responsible for managing the Group's finance facilities. The Group does not currently undertake hedging of any kind and is not currently directly exposed to material currency risks.

Liquidity and funding

The Group has sufficient funds to finance its operations and exploration activities, and to allow the Group to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

Significant Changes in State of Affairs

Other than the securities issued as noted above, there were no other significant changes in the state of affairs of the Group in the financial year.

Subsequent Events

On 6 August 2018 the Company announced that it had executed an Agreement to acquire a 100% interest in the Bepe and Kondo mines in Zimbabwe (the "**Mines**") (the "**Agreement**").

The Company will acquire a 100% interest in:

1. The Bepe Mine through the Bepe Special Mining License (Registration No.: M4740BM) (the "**Bepe Mine**"); and
2. The Kondo Mine through three (3) Mining Licenses: Mwami 'L' (Registration No.: 40832BM), Jerejoga '20' (Registration No.: 27976BM), Kondo 9 (Registration No.: 25988BM) (the "**Kondo Mine**"),

(collectively the "**Mining Licenses**").

The Mining Licenses enable rapid development of small-scale production, while the larger-scale lithium resource potential is tested through systematic exploration. The Zimbabwe lithium assets are all based on historical mines and have multi-commodity production potential, for example for tantalite and beryl production, in addition to the targeted lithium mineralization potential.

The Agreement is to acquire a 100% interest in the Mining Licenses for a purchase price of US\$425,000, subject to the following conditions:

- Regulatory approvals; and
- The Company being satisfied with its due diligence.

The Company has paid a non-refundable deposit of US\$25,000 which is considered part of the purchase price and has a 3-month exclusive period for due diligence.

The Company is permitted to undertake full due diligence, including rock-chip sampling, trenching and drilling, where necessary.

Other than the matter noted above, there are no material matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Report

Business Results

The prospects of the Group in progressing their exploration projects may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to get projects into development. Some of these factors include:

- Exploration - the results of the exploration activities may be such that the estimated resources are insufficient to justify the financial viability of the projects. The Group undertakes extensive exploration and product quality testing prior to establishing JORC compliant resource estimates and to (ultimately) support mining feasibility studies. The Group engages external experts to assist with the evaluation of exploration results where required and utilises third party competent persons to prepare JORC resource statements or suitably qualified senior management of the Group. Economic feasibility modelling of projects will be conducted in conjunction with third party experts and the results of which will usually be subject to independent third party peer review.
- Regulatory and Sovereign - the Group operates in U.S.A., Australia, Zimbabwe, Mozambique and Botswana and deals with local regulatory authorities in relation to the exploration of its properties. The Group may not achieve the required local regulatory approvals to continue exploration or properly assess development prospects. The Group takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Social Licence to Operate – the ability of the Group to secure and undertake exploration and development activities within prospective areas is also reliant upon satisfactory resolution of native title and (potentially) overlapping tenure. To address this risk, the Group develops strong, long term effective relationships with landholders with a focus on developing mutually acceptable access arrangements. The Group takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Environmental - All phases of mining and exploration present environmental risks and hazards. The Group's operations are subject to environmental regulations pursuant to a variety of state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The Group assesses each of its projects very carefully with respect to potential environmental issues, in conjunction with specific environmental regulations applicable to each project, prior to commencing field exploration. Periodic reviews are undertaken once field exploration commences.
- Safety - Safety is of critical importance in the planning, organisation and execution of the Group's exploration and development activities. The Group is committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health, safety or the health and safety of others associated with our business. The Group recognises that safety is both an individual and shared responsibility of all employees, contractors and other persons involved with the operation of the organisation. The Group has a Safety and Health Management system which is designed

Directors' Report

to minimise the risk of an uncontrolled safety and health event and to continuously improving safety culture within the organisation.

- Funding - the Group will require additional funding to continue exploration and potentially move from the exploration phase to the development phases of its projects. There is no certainty that the Group will have access to available financial resources sufficient to fund its exploration, feasibility or development costs at those times.
- Market - there are numerous factors involved with exploration and early stage development of its projects, including variance in commodity price and labour costs which can result in projects being uneconomical.

Environmental Issues

The Group is subject to significant environmental regulations under the (Federal, State and local) laws in which the Group operates, which currently includes Australia, United States of America and Botswana.

The directors monitor the Group's compliance with environmental obligations. The directors are not aware of any compliance breach arising during the year and up to the date of this report.

Native Title

Mining tenements that the Group currently holds, may be subject to Native Title claims. The Group has a policy that is respectful of the Native Title rights and will, as required, negotiate with relevant indigenous bodies.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director and other key management personnel.

The names of key management personnel of Lithium Consolidated Mineral Exploration Ltd who have held office during the financial year are:

| | |
|-----------------------|----------------------------------------------------|
| Brian Moller | Non-Executive Chairman |
| Shanthar Pathmanathan | Chief Executive Officer and Executive Director |
| Vincent Mascolo | Non-Executive Director |
| James McKerlie | Non-Executive Chairman (resigned 17 November 2017) |
| Duncan Cornish | Company Secretary and Chief Financial Officer |

The Group's remuneration policy seeks to align director and executive objectives with those of shareholders and the business, while at the same time, recognising the early development stage of the Group and the criticality of funds being utilised to achieve development objectives. The board believes the current policy has been appropriate and effective in achieving a balance of these objectives.

Directors' Report

Remuneration Report (Audited) (Continued)

The Group's remuneration policy provides for long-term incentives to be offered through a director and employee share option plan and also through a performance rights plan. Options may be granted under these plans to align directors', executives', employees' and shareholders' interests. Two methods may be used to achieve this aim, the first being performance rights and options that vest upon reaching or exceeding specific predetermined objectives, and the second being options granted with higher exercise prices (than the share price at issue) rewarding share price growth.

The board of directors is responsible for determining and reviewing the Group's remuneration policy, remuneration levels and performance of both executive and non-executive directors. Independent external advice will be sought when required. No independent external advice was sought during the current year.

Performance-Based Remuneration

Performance-based remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for reaching or exceeding specific objectives or as recognition for strong individual performance. Short-term incentives are available to eligible staff of the Group and may be comprised of cash bonuses, determined on a discretionary basis by the board. No short-term incentives were made available during the year.

Long-term incentives are comprised of share options and performance rights, which are granted from time-to-time to encourage sustained strong performance in the realisation of strategic outcomes and growth in shareholder value.

The exercise price of the options is determined after taking into account the underlying share price performance in the period leading up to the date of grant and if applicable, performance conditions attached to the share options. Subject to specific vesting conditions, each option is convertible into one ordinary share.

The Group's policy for determining the nature and amount of remuneration of board members and key executives is set out below.

Directors

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the Group. The maximum aggregate amount of fees that can be paid to non-executive directors approved by shareholders is currently \$300,000. One-third, by number, of non-executive directors retires by rotation at the Company's Annual General Meeting. Retiring directors are eligible for re-election by shareholders at the Annual General Meeting of the Company. The appointment conditions of the non-executive directors are set out and agreed in letters of appointment.

Executives

The remuneration structure for executives is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group.

The executives receive payments provided for under an employment or service agreement, which may include cash, superannuation, short-term incentives, and equity based performance remuneration.

Directors' Report

Remuneration Report (Audited) (Continued)

The Company entered into an Executive Services Agreement with Shanthar Pathmanathan dated 2 October 2016 under which Mr Pathmanathan agreed to be employed as the Managing Director and Chief Executive Officer of the Company ("CEO Agreement"). The key terms of the CEO agreement are set out below:

- Base remuneration of \$190,000 per annum (from ASX listing date, being 27 March 2017);
- Long term incentive of 5.0m performance rights with various vesting conditions; and
- 12 months' notice of termination by the Company, six months' notice of termination by Mr Pathmanathan.

The Company has a services agreement with Corporate Administration Services Pty Ltd ("CAS") and Duncan Cornish, the Company's CFO and Company Secretary. Under the agreement, CAS also provides accounting, bookkeeping and administrative services. Both the Company and CAS are entitled to terminate the agreement upon giving not less than three months' written notice. The base fee under the services agreement is \$120,000 per annum, in effect from 27 March 2017. On 13 October 2016 Duncan Cornish was issued with 1.0 million unlisted options exercisable at \$0.20 each on or before 31 December 2019 (vested immediately on issue) and on 31 October 2016 he was issued with 500,000 performance rights (with various vesting conditions).

Remuneration Details of Key Management Personnel

The remuneration of the key management personnel of Lithium Consolidated Mineral Exploration Ltd for the year ended 30 June 2018 was as follows:

Year Ended 30 June 2018

| Key Management Personnel | Short Term Benefits | | Post-Employment Super-annuation | Equity-settled Share-based Payments | | Total | Performance related % | % consisting of options /rights |
|--------------------------|---------------------|-------------------|---------------------------------|-------------------------------------|-----------------|----------------|-----------------------|---------------------------------|
| | Salary & Fees | Non-cash Benefits | | Shares | Options /Rights | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| B. Moller | 52,114 | - | - | - | 18,661 | 70,775 | 26.4% | 26.4% |
| S. Pathmanathan | 173,516 | - | 16,484 | - | 146,296 | 336,296 | 43.5% | 43.5% |
| V. Mascolo | 40,000 | - | - | - | 18,661 | 58,661 | 31.8% | 31.8% |
| J. McKerlie * | 53,056 | - | - | - | 10,206 | 63,262 | 16.1% | 16.1% |
| D. Cornish | 120,000 | - | - | - | 18,776 | 138,776 | 13.5% | 13.5% |
| Total | 438,686 | - | 16,484 | - | 212,600 | 667,770 | | |

*Note: director resigned on 17-Nov-17

Directors' Report

Remuneration Report (Audited) (Continued)

The remuneration of the key management personnel of Lithium Consolidated Mineral Exploration Ltd for the year ended 30 June 2017 was as follows:

Year Ended 30 June 2017

| Key Management Personnel | Short Term Benefits | | Post-Employment Super-annuation | Equity-settled Share-based Payments | | Total | Performance related % | % consisting of options /rights |
|--------------------------|---------------------|-------------------|---------------------------------|-------------------------------------|-----------------|----------------|-----------------------|---------------------------------|
| | Salary & Fees | Non-cash Benefits | | Shares | Options /Rights | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| B. Moller | 10,548 | - | - | - | 12,679 | 23,227 | 54.6% | 54.6% |
| S. Pathmanathan | 77,896 | - | 7,400 | - | 99,401 | 184,698 | 53.8% | 53.8% |
| V. Mascolo | 10,548 | - | - | - | 26,959 | 37,507 | 33.8% | 71.9% |
| J. McKerlie | 26,344 | - | - | 25,000 | 20,296 | 71,640 | 28.3% | 28.3% |
| D. Cornish | 31,613 | - | - | - | 63,029 | 94,641 | 13.2% | 66.6% |
| Total | 156,949 | - | 7,400 | 25,000 | 222,364 | 411,713 | | |

The percentage of equity based remuneration for persons who were key management personnel of the Group during the year ended 30 June 2018 is set out below:

| Key Management Personnel | Proportion of Remuneration | |
|--------------------------|----------------------------|-----------------|
| | Equity Based | Salary and Fees |
| B. Moller | 26.4% | 73.6% |
| S. Pathmanathan | 43.5% | 56.5% |
| V. Mascolo | 31.8% | 68.2% |
| J. McKerlie * | 16.1% | 83.9% |
| D. Cornish | 13.5% | 86.5% |

*Note: director resigned on 17-Nov-17

Company Performance, Shareholder Wealth, and Director and Executive Remuneration

During the financial year, the Company has generated losses as its principal activity was mineral exploration.

As the Company is still in the exploration and development stage, the link between remuneration, company performance and shareholder wealth is tenuous. Share prices are subject to the influence of commodity prices and market sentiment towards the sector, and as such, increases and decreases might occur independent of executive performance and remuneration.

Directors' Report

Remuneration Report (Audited) (Continued)

Options Held by Key Management Personnel

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2018 were as follows:

| Key Management Personnel | Balance at 1 July 2017 | Granted as Compensation | Exercised | Expired | Balance at 30 June 2018 | Total Vested 30 June 2018 | Total Vested and Exercisable 30 June 2018 |
|--------------------------|------------------------|-------------------------|-----------|---------|-------------------------|---------------------------|-------------------------------------------|
| B. Moller | - | - | - | - | - | - | - |
| S. Pathmanathan | - | - | - | - | - | - | - |
| V. Mascolo | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 |
| D. Cornish | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 |
| J. McKerlie * | - | - | - | - | - | - | - |

*Note: director resigned on 17-Nov-17

Options Granted as Remuneration

As noted above, no options were issued to key management personnel during the year ended 30 June 2018.

Shares Held by Key Management Personnel

Details of shares held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2018 were as follows:

| Key Management Personnel | Balance at 1 July 2017 | Granted as Compensation | Other Changes | Balance at 30 June 2018 |
|--------------------------|------------------------|-------------------------|---------------|-------------------------|
| B. Moller | 1,530,000 | - | - | 1,530,000 |
| S. Pathmanathan | 636,750 | - | - | 636,750 |
| V. Mascolo | 550,000 | - | - | 550,000 |
| D. Cornish | 510,000 | - | - | 510,000 |
| J. McKerlie * | 750,000 | - | 200,000 | 950,000 |

*Note: director resigned on 17-Nov-17

Other transactions with Key Management Personnel

There have been no other transactions with key management personnel during the year ended 30 June 2018.

End of Remuneration Report (Audited)

Directors' Report

Options

At the date of this report, the unissued ordinary shares of the Company under options are as follows:

Unlisted Options

| Issue Date | Expiry Date | Exercise Price | No. Under Option |
|--------------|-------------|----------------|------------------|
| 17-May-16 | 1-Jan-19 | \$0.10 | 3,000,000 |
| 13-Oct-16 | 31-Dec-19 | \$0.20 | 1,000,000 |
| 3-Jul-17 | 30-Jun-19 | \$0.20 | 1,500,000 |
| 29-Jun-18 | 29-Jun-20 | \$0.25 | 654,000 |
| TOTAL | | | 6,154,000 |

There have been no unissued shares or interests under option of any controlled entity within the economic entity during or since reporting date. Option holders do not have any rights to participate in any share issue or other interests in the Company or any other entity.

Performance Rights

At the date of this report, the issued performance rights of the Company are as follows:

| Issue Date | Expiry Date | Exercise Price | No. Under Option |
|--------------|---------------------------|----------------|------------------|
| 25-Oct-16 | 72 months from Issue Date | n/a | 6,000,000 |
| 31-Oct-16 | 72 months from Issue Date | n/a | 500,000 |
| 31-Oct-16 | 72 months from Issue Date | n/a | 200,000 |
| 29-Jun-18 | 10-Jan-21 | n/a | 327,000 |
| 29-Jun-18 | 9-Apr-19 | n/a | 150,000 |
| TOTAL | | | 7,177,000 |

Directors' Meetings

The meetings (held while a director) attended by each director during the financial year were:

| Directors | Board | | Audit & Risk Committee | |
|----------------------------------|----------|----------|------------------------|----------|
| | Meetings | Attended | Meetings | Attended |
| J. McKerlie (resigned 17-Nov-17) | 4 | 4 | 1 | 1 |
| S. Pathmanathan | 11 | 11 | 2 | 2 |
| V. Mascolo | 11 | 11 | 2 | 2 |
| B. Moller | 11 | 11 | 2 | 2 |

Directors' Report

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Lithium Consolidated Mineral Exploration Ltd support and, where practicable or appropriate, have adhered to the ASX Principles of Corporate Governance. The Company's corporate governance statement is set out in this Annual Report.

Indemnifying Directors and Auditors

The Company has entered into a Deed with each of the Directors (and the Company Secretary) whereby the Company has agreed to provide certain indemnities to each Director (and the Company Secretary) to the extent permitted by the Corporations Act and to use its best endeavours to obtain and maintain directors' and officers' indemnity insurance, subject to such insurance being available at reasonable commercial terms.

The Company has paid premiums to insure each of the directors (and the Company Secretary) of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director (or Company Secretary) of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

The Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in respect of any person who is or has been an auditor of the Company or a related entity during the year and up to the date of this report.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-Audit Services

During the financial year, BDO also provided taxation and accounting services and due diligence services, to a total amount of \$18,969 (2017: 17,908).

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is attached to and forms part of this financial report.

Signed in accordance with a resolution of the board of directors.



Shanthar Pathmanathan
Director

27 September 2018
Brisbane, Queensland

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF LITHIUM CONSOLIDATED MINERAL EXPLORATION LIMITED

As lead auditor of Lithium Consolidated Mineral Exploration Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lithium Consolidated Mineral Exploration Limited and the entities it controlled during the year.

A handwritten signature in black ink that reads 'T J Kendall'.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 27 September 2018

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 11 September 2018.

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

| | Ordinary Shares | | Unlisted Options (\$0.10 @ 1-Jan-19) | |
|------------------|-----------------|-------------------|--------------------------------------|------------------|
| | No. Holders | No. Shares | No. Holders | No. Options |
| 1 - 1,000 | 10 | 2,485 | - | - |
| 1,001 - 5,000 | 79 | 314,490 | - | - |
| 5,001 - 10,000 | 204 | 1,858,597 | - | - |
| 10,001 - 100,000 | 416 | 14,481,214 | - | - |
| 100,001 and over | 89 | 73,842,336 | 5 | 3,000,000 |
| Total | 798 | 90,499,122 | 5 | 3,000,000 |

| | Unlisted Options (\$0.20 @ 31-Dec-19) | | Unlisted Options (\$0.25 @ 29-Jun-20) | |
|------------------|---------------------------------------|------------------|---------------------------------------|----------------|
| | No. Holders | No. Options | No. Holders | No. Options |
| 1 - 1,000 | - | - | - | - |
| 1,001 - 5,000 | - | - | - | - |
| 5,001 - 10,000 | - | - | - | - |
| 10,001 - 100,000 | - | - | - | - |
| 100,001 and over | 1 | 1,000,000 | 3 | 654,000 |
| Total | 1 | 1,000,000 | 3 | 654,000 |

| | Unlisted Options (\$0.20 @ 30-Jun-19) | | Performance Rights | |
|------------------|---------------------------------------|------------------|--------------------|------------------|
| | No. Holders | No. Options | No. Holders | No. Perf. Rights |
| 1 - 1,000 | - | - | - | - |
| 1,001 - 5,000 | - | - | - | - |
| 5,001 - 10,000 | - | - | - | - |
| 10,001 - 100,000 | - | - | 1 | 65,400 |
| 100,001 and over | 3 | 1,500,000 | 8 | 7,111,600 |
| Total | 3 | 1,500,000 | 9 | 7,177,000 |

There are no shareholders holding less than a marketable parcel.

Shareholder Information

(b) Twenty Largest Shareholders

The names of the twenty largest holders of Quoted Ordinary Shares are:

| # | Registered Name | Number of Shares | % of total Shares |
|----|-------------------------------------------------|-------------------|-------------------|
| 1 | AUSTRALIAN CONSOLIDATED VENTURE CAPITAL PTY LTD | 24,825,000 | 27.43 |
| 2 | MR NAIM ROYDEN JONES | 6,726,676 | 7.43 |
| 3 | BIG SMOKEY EXPLORATION LLC | 3,378,320 | 3.73 |
| 4 | ROMARDO GROUP PTY LTD | 2,250,000 | 2.49 |
| 5 | BNP PARIBAS NOMINEES PTY LTD | 1,700,493 | 1.88 |
| 6 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,581,979 | 1.75 |
| 7 | EMMA FAIRHURST | 1,500,000 | 1.66 |
| 8 | STANBURGH PTY LTD | 1,500,000 | 1.66 |
| 9 | MS HARPREET KAUR DO DALJIT SINGH | 1,325,000 | 1.46 |
| 10 | HANDS ON JOINERY PTY LTD | 1,250,000 | 1.38 |
| 11 | HANDS ON JOINERY PTY LTD | 1,100,000 | 1.22 |
| 12 | DAVID LEANDER NICHOLS | 1,000,000 | 1.10 |
| 13 | MR SIMON JOHNSON | 1,000,000 | 1.10 |
| 14 | JAMES DAVID MCKERLIE | 950,000 | 1.05 |
| 15 | CITICORP NOMINEES PTY LIMITED | 939,596 | 1.04 |
| 16 | NEIL FRANCIS STUART | 900,000 | 0.99 |
| 17 | CASADA HOLDINGS PTY LTD | 875,000 | 0.97 |
| 18 | WHITMEAL PTY LTD | 850,000 | 0.94 |
| 19 | OHJS GROUP PTY LTD | 750,000 | 0.83 |
| 20 | TREND LIGHTING CO PTY LTD | 750,000 | 0.83 |
| | TOP 20 TOTAL | 55,152,064 | 60.94 |
| | Total of Securities | 90,499,122 | |

Shareholder Information

(c) Substantial Shareholders

The Company has not received any substantial shareholder notices.

The Company notes that, as at the date of this report, the following shareholders own substantial shareholdings ($\geq 5.0\%$) in Lithium Consolidated Mineral Exploration Ltd:

| Name of Shareholder | Ordinary Shares | % of total Shares |
|-------------------------------------------------|-----------------|-------------------|
| Australian Consolidated Venture Capital Pty Ltd | 24,825,000 | 27.43% |
| Mr Naim Royden Jones | 6,726,676 | 7.43% |

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

Options and Performance Rights do not carry voting rights.

(e) Restricted securities

As at the date of this report, there are 31,490,000 ordinary shares subject to ASX escrow.

(f) On-market buy back

There is not a current on-market buy-back in place.

(g) Business objectives

The Group has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

Interests in Tenements

Lithium Consolidated Mineral Exploration Ltd held the following interests in tenements as at the date of this report:

| Tenement/Project Name | Tenement Number | Status | Interest | Location of Tenements |
|-----------------------|-----------------|---------------------|----------|-----------------------|
| Bedonia | E63/1814 | Granted | 100% | Western Australia |
| Caranning | E63/1815 | Application | 100% | Western Australia |
| Windarling | E77/2384 | Application | 100% | Western Australia |
| Esmond | E69/3455 | Granted | 100% | Western Australia |
| Junction | E28/2631 | Granted | 100% | Western Australia |
| Snomys | E28/2632 | Granted | 100% | Western Australia |
| Ten Mile | E63/1813 | Granted | 100% | Western Australia |
| Nawoc | E15/1542 | Granted | 100% | Western Australia |
| Cool | E28/2651 | Granted | 100% | Western Australia |
| Dundas | E63/1826 | Granted | 100% | Western Australia |
| Ten Mile South | E63/1862 | Granted | 100% | Western Australia |
| Wanoc | E15/1616 | Granted | 100% | Western Australia |
| Junction North | E28/2732 | Application | 100% | Western Australia |
| Dundas Nth | E63/1877 | Application | 100% | Western Australia |
| Esmond NE | E69/3540 | Granted | 100% | Western Australia |
| Salmon | E28/2743 | Application | 100% | Western Australia |
| 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 | 263/2016 | Granted | 80% | Botswana |
| Botswana | 264/2016 | Granted | 80% | Botswana |
| Botswana | 265/2016 | Granted | 80% | Botswana |
| Botswana | 266/2016 | Granted | 80% | Botswana |
| Botswana | 267/2016 | Granted | 80% | Botswana |
| Botswana | 268/2016 | Granted | 80% | Botswana |
| Botswana | 269/2016 | Application | 80% | Botswana |
| Botswana | 270/2016 | Application | 80% | Botswana |
| Tals 5 | Various | Granted/Application | 100% | Zimbabwe |
| Nels Luck | Various | Granted/Application | 100% | Zimbabwe |
| Bepe | Various | Granted/Application | 100% | Zimbabwe |

Interests in Tenements

| Tenement/Project Name | Tenement Number | Status | Interest | Location of Tenements |
|-------------------------|-----------------|---------------------|----------|-----------------------|
| Magoda and Magoda North | Various | Granted/Application | 100% | Zimbabwe |
| Day Dawn | Various | Granted/Application | 100% | Zimbabwe |
| Chisuma | Various | Granted/Application | 100% | Zimbabwe |
| Grey Lady | Various | Granted/Application | 100% | Zimbabwe |

*Note: the 7 Zimbabwe projects are comprised of a total 48 prospecting licences, of which 29 have been granted.

| Project Name | Number of Claims | Status | Interest | Location of Claims |
|---------------------------------|------------------|---------|----------|--------------------|
| Tonopah Lithium Project ("TLP") | 425 | Renewed | 80% | Nevada, USA |

Corporate Governance Statement

The board of directors of Lithium Consolidated Mineral Exploration Ltd is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Lithium Consolidated Mineral Exploration Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

Lithium Consolidated Mineral Exploration Ltd's Corporate Governance Statement (which can be found on the Company's website www.lithiumconsolidated.com) is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 3rd Edition", which are as follows:

| | |
|-------------|----------------------------------------------------|
| Principle 1 | Lay solid foundations for management and oversight |
| Principle 2 | Structure the board to add value |
| Principle 3 | Act ethically and responsibly |
| Principle 4 | Safeguard integrity in corporate reporting |
| Principle 5 | Make timely and balanced disclosure |
| Principle 6 | Respect the rights of security holders |
| Principle 7 | Recognise and manage risk |
| Principle 8 | Remunerate fairly and responsibly |

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that, during the reporting period, with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

Roles and Responsibilities of the Board and Management

ASX CGC Principle 1

Lay solid foundations for management and oversight.

Role of the Board

The Board of Directors is pivotal in the relationship between shareholders and management and the role and responsibilities of the Board underpin corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- Oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- Appointing and removing the chief executive officer;
- Ratifying the appointment and, where appropriate, removal of senior executives including the chief financial officer and the Group secretary;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive's performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;

Corporate Governance Statement

- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approving and overseeing Committees where appropriate to assist in the Board's function and powers.

The Functions, Powers and Responsibilities of the Board are set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Company's website.

The board meets on a regular basis to review the performance of the Company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders.

Written agreements are entered in to with directors and senior management clearly setting out their roles and responsibilities.

The company secretary works directly with the chair and the executive director on the functioning of all board and committee procedures.

Diversity

The Group is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees.

Recommendation 1.5 requires that listed entities should establish a policy concerning diversity. Whilst the Group does not currently have a Diversity policy due to its size and nature of its operations, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.

As at 30 June 2018, the number of men and women in the whole organisation is as follows:

| | Male | Female |
|---------------|------|--------|
| Board Members | 3 | 0 |
| Officers | 1 | 0 |
| Other | 0 | 0 |

Performance Evaluation

The Board (in carrying out the functions of the Remuneration and Nomination Committees) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

No formal performance evaluations of the Board or management were undertaken during the year ended 30 June 2018.

Corporate Governance Statement

Board Composition ASX CGC Principle 2

Structure of the Board to add value

Nomination Committee

Recommendation 2.1 requires the Board to establish a nomination committee.

Although the Board has adopted a Nominations Committee Charter, the Board has not formally established a Nominations Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and is guided by the Nominations Committee Charter. The Company will review this position annually and determine whether a Nominations Committee needs to be established.

The Nomination Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company is developing an appropriate board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material capacity to bring independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

In the context of Director independence, "materiality" is considered from both the Group and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Group.

In accordance with the Council's definition of independence above and the materiality thresholds set, all of the Company's directors are not considered to be independent and therefore the Group does not currently comply with Recommendation 2.4:

| Name | Position | Reason for non-compliance |
|-----------------|------------------------------------------------|---------------------------------------------------------------------------------------------------|
| S. Pathmanathan | Chief Executive Officer and Executive Director | Mr Pathmanathan is employed by the Company in an executive capacity |
| B. Moller | Chairman | Mr Moller is a principal of Hopgood Ganim Lawyers, a material professional advisor to the Company |

Lithium Consolidated Mineral Exploration Ltd considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Lithium Consolidated Mineral Exploration Ltd due to their considerable industry and corporate experience. The term in office held by each Director in office at the date of this report is as follows:

Corporate Governance Statement

| Name | Term in Office |
|-----------------------|-------------------|
| Shanthar Pathmanathan | 1 year, 11 months |
| Vincent Mascolo | 2 year, 4 months |
| Brian Moller | 1 year, 11 months |

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group. Informal induction is provided to any new directors.

Act Ethically and Responsibly ASX CGC Principle 3

Code of Conduct

The Directors are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as directors and in their external dealings with third parties both on their own and on behalf of the Group.

To assist directors in discharging their duty to the Group and in compliance with relevant laws to which they are subject, the Group has adopted a Corporate Ethics Policy and Corporate Code of Conduct within its Corporate Governance Charter.

The Corporate Ethics Policy sets out rules binding Directors in respect of:

- a Director's legal duties as an officer of the Company;
- a Director's obligations to make disclosures to the ASX and the market generally; and
- dealings by Directors in shares in the Company.

The Corporate Ethics Policy, as set out in the Company's Corporate Governance Charter is available from the corporate governance section of the Group's website.

Safeguard Integrity in Corporate Reporting ASX CGC Principle 4

Audit Committee

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 4.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

Following the resignation (as director) of James McKerlie on 17 November 2017, the members of the Audit and Risk Management Committee are Vincent Mascolo (chairman of the Committee) and Brian Moller. While both members of the Committee are non-executive directors, only Vince Mascolo is considered independent (based on the Council's definition). While the Committee is chaired by an independent director (Vincent Mascolo), the Company does not presently comply with parts i, ii and iv of Recommendation 4.1.

Corporate Governance Statement

All members of the Audit and Risk Management Committee are considered financially literate in the context of the Company's affairs.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

Certification of financial reports

The Executive Director has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

The Chief Financial Officer has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on sound system of financial risk management and internal compliance and control.

The Group ensures that its external auditors are present at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report.

Continuance Disclosure ASX CGC Principle 5

Make timely and balanced disclosure

The Group duly complies with ASX and ASIC requirements for the timely and accurate reporting of the Group's financial activities, thus ensuring that the Group has disclosed all information which has a material impact on shareholders. This includes the Annual Financial Report, Interim Financial Report, quarterly cash flows, new and relinquished tenements and changes in directors and shareholder interests and other events which are identified to be material. All ASX announcements are available on the Group's website.

The Company Secretary is responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

Respect The Rights of Security Holders ASX CGC Principle 6

The Board of directors undertakes to ensure that shareholders are informed of all major developments affecting the Group. Information is communicated to shareholders through the annual report, interim financial report, announcements made to the ASX, notices of Annual General and Extraordinary General Meetings, the AGM and Extraordinary General Meetings.

The Board encourages full participation of shareholders at Annual and Extraordinary General Meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the re-election of directors.

Corporate Governance Statement

The Group also offers shareholders the option to receive ASX announcements and other notices from the Company electronically.

Risk Management ASX CGC Principle 7

Recognise and manage risk

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 7.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

Following the resignation (as director) of James McKerlie on 17 November 2017, the members of the Audit and Risk Management Committee are Vincent Mascolo (chairman of the Committee) and Brian Moller. While both members of the Committee are non-executive directors, only Vince Mascolo is considered independent (based on the Council's definition). While the Committee is chaired by an independent director (Vincent Mascolo), the Company does not presently comply with parts i, ii and iv of Recommendation 7.1.

All members of the Audit & Risk Management Committee are considered to have sufficient technical, legal and industry experience in the context of the Company's affairs to properly assess the risks facing the Group.

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's risk management policies can be found within the Audit and Risk Management Committee Charter.

Recommendation 7.2 requires that the Board review the Company's risk management framework and disclose whether such a review has taken place. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been formally undertaken.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

The Director's Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

Corporate Governance Statement

Remuneration

ASX CGC Principle 8

Remunerate fairly and responsibly

Remuneration Committee

The Board has not established a Remuneration Committee which operates under a charter approved by the Board.

Although the Board has adopted a Remuneration Committee Charter, the Board has not formally established a Remuneration Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole considers themselves to have sufficient legal, corporate, commercial and industry experience in the context of the Company's affairs to properly assess the remuneration issues required by the Group and is able to address these issues while being guided by the Remuneration Committee Charter. The Company will review this position annually and determine whether a Remuneration Committee needs to be established.

The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 8.1 will not be detrimental to the Company.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive director's and officer's remuneration to the Group's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Group
- performance incentives which allow executives, management and staff to share the rewards of the success of Lithium Consolidated Mineral Exploration Ltd.

For details on the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options, performance rights and other incentive payments, discretion is exercised by the Remuneration Committee and the Board, having regard to the overall performance of Lithium Consolidated Mineral Exploration Ltd and the performance of the individual during the period.

There is no scheme to provide retirement benefits to directors other than statutory superannuation.

The Remuneration Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

Remuneration Policy

The Group's remuneration policy is also further detailed in the Remuneration Report in the Directors Report.

Non-Executive Director Remuneration

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Non-executive directors are remunerated by fees as determined by the Board with the aggregate directors' fee pool limit of \$300,000. The maximum aggregate amount of fees that can be paid to

Corporate Governance Statement

non-executive directors is subject to approval by shareholders at the Annual General Meeting. Independent consultancy sources provide advice, as required; ensuring remuneration is in accordance with market practice. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company and are, subject to approval by shareholders, periodically offered options and/or performance rights.

The Company has adopted a Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter in to arrangements which would have the effect of limited their exposure to risk relating to an element of their remuneration.

Other Information

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Group's web site.

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

| | Note | 30 June 2018 \$ | 30 June 2017 \$ |
|-------------------------------------------------------------------|------|--------------------|--------------------|
| Revenue | 2 | 47,169 | 7,847 |
| Business Development | | (269,665) | - |
| Corporate and administrative expenses | 3 | (377,776) | (402,676) |
| Depreciation | | - | (680) |
| Employee benefits expense | 3 | (470,103) | (231,686) |
| Exploration expenses | | (102,378) | (65,544) |
| Foreign exchange loss | | 7,504 | (66,124) |
| Impairment of exploration assets | | (77,206) | - |
| Legal expenses | | (110,319) | (127,447) |
| Share-based payments | 19 | (354,454) | (303,424) |
| Loss before income tax expense | | (1,707,228) | (1,189,734) |
| Income tax expense | 4 | - | - |
| Loss for the period | | (1,707,228) | (1,189,734) |
| Other comprehensive income | | | |
| Other comprehensive income/(loss) for the period, net of tax | | - | - |
| Total comprehensive income/(loss) for the period | | (1,707,228) | (1,189,734) |
| Loss for the period attributable to: | | | |
| Owners of the parent company | | (1,707,066) | (1,189,726) |
| Non-controlling interests | | (162) | (8) |
| | | (1,707,228) | (1,189,734) |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the parent company | | (1,707,066) | (1,189,726) |
| Non-controlling interests | | (162) | (8) |
| | | (1,707,228) | (1,189,734) |
| Loss per share attributable to owners of the parent company | | Cents | Cents |
| Basic and diluted earnings per share | 15 | (1.9) | (2.0) |

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2018

| | Note | 30 June 2018 \$ | 30 June 2017 \$ |
|-----------------------------------------------------|------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 1,948,081 | 3,480,927 |
| Trade and other receivables | 6 | 19,554 | 552,592 |
| Prepayments | 7 | 3,834 | 3,667 |
| Total Current Assets | | 1,971,469 | 4,037,186 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation assets | 8 | 4,184,290 | 3,451,640 |
| Total Non-Current Assets | | 4,184,290 | 3,451,640 |
| TOTAL ASSETS | | 6,155,759 | 7,488,826 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 189,847 | 104,403 |
| Total Current Liabilities | | 189,847 | 104,403 |
| TOTAL LIABILITIES | | 189,847 | 104,403 |
| NET ASSETS | | 5,965,912 | 7,384,423 |
| EQUITY | | | |
| Issued capital | 11 | 8,945,687 | 8,945,644 |
| Reserves | 12 | 681,108 | 392,434 |
| Accumulated losses | | (3,660,715) | (1,953,649) |
| Equity attributable to owners of the parent company | | 5,966,080 | 7,384,429 |
| Non-controlling interests | | (168) | (6) |
| TOTAL EQUITY | | 5,965,912 | 7,384,423 |

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2018

| | Note | Attributable to Owners of Parent Company | | | | Non-controlling Interests | Total Equity |
|----------------------------------------------|------|------------------------------------------|--------------------|------------------------------|--------------------|---------------------------|--------------------|
| | | Issued Capital | Accumulated Losses | Share-Based Payments Reserve | Total | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2016 | | 930,001 | (457,218) | 141,510 | 614,293 | (6,705) | 607,588 |
| Loss for the period | | - | (1,189,726) | - | (1,189,726) | (8) | (1,189,734) |
| Acquisition of non-controlling interests | | - | (306,705) | - | (306,705) | 6,705 | (300,000) |
| Total comprehensive income | | - | (1,496,431) | - | (1,496,431) | 6,697 | (1,489,734) |
| Issue of shares | 11 | 9,117,862 | - | - | 9,117,862 | - | 9,117,862 |
| Issue of shares to non-controlling interests | | - | - | - | - | 2 | 2 |
| Share-based payments | 19 | - | - | 250,924 | 250,924 | - | 250,924 |
| Share issue costs | | (1,102,219) | - | - | (1,102,219) | - | (1,102,219) |
| Balance at 30 June 2017 | | 8,945,644 | (1,953,649) | 392,434 | 7,384,429 | (6) | 7,384,423 |
| Loss for the period | | - | (1,707,066) | - | (1,707,066) | (162) | (1,707,228) |
| Total comprehensive income | | - | (1,707,066) | - | (1,707,066) | (162) | (1,707,228) |
| Issue of shares | 11 | 65,780 | - | - | 65,780 | - | 65,780 |
| Share-based payments | 19 | - | - | 288,674 | 288,674 | - | 288,674 |
| Share issue costs | | (65,737) | - | - | (65,737) | - | (65,737) |
| Balance at 30 June 2018 | | 8,945,687 | (3,660,715) | 681,108 | 5,966,080 | (168) | 5,965,912 |

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2018

| | | 30 June 2018 | 30 June 2017 |
|--------------------------------------------------|----|--------------------|--------------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest receipts | | 50,755 | 4,261 |
| Other receipts/payments | | 146,254 | 3,758 |
| Payments to suppliers and employees | | (1,319,128) | (917,409) |
| Net cash used in operating activities | 14 | (1,122,119) | (909,390) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for exploration and evaluation assets | | (803,403) | (671,670) |
| Purchase of property, plant and equipment | | - | - |
| Secured loan | 6 | 383,199 | (383,199) |
| Net cash used in investing activities | | (420,204) | (1,054,869) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| | 14 | | |
| Proceeds from issue of shares | | - | 6,338,861 |
| Share issue costs | | 9,477 | (1,156,193) |
| Net cash provided by financing activities | | 9,477 | 5,182,668 |
| Net increase/(decrease) in cash held | | (1,532,846) | 3,218,409 |
| Cash at Beginning of Period | | 3,480,927 | 262,518 |
| Cash at End of Year | 5 | 1,948,081 | 3,480,927 |

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. Lithium Consolidated Mineral Exploration Pty Ltd is a for-profit entity for the purpose of preparing the financial statements. The financial statements are presented in Australian dollars.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements are for the consolidated entity consisting of Lithium Consolidated Mineral Exploration Ltd and its Controlled Entities. Lithium Consolidated Mineral Exploration Ltd is a listed public company, incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical cost, modified by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial report was authorised for issue on 27 September 2018 by the directors of the Company.

Separate financial statements for Lithium Consolidated Mineral Exploration Ltd as an individual entity are no longer presented following a change to the Corporations Act 2001. However, financial information required for Lithium Consolidated Mineral Exploration Ltd as an individual entity is included in Note 24.

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

For the year ended 30 June 2018 the Group generated a consolidated loss of \$1,707,228 and incurred operating cash outflows of \$1,122,119. As at 30 June 2018 the Group has cash and cash equivalents of \$1,948,081 and net assets of \$5,965,912.

The Group's ability to continue to adopt the going concern assumption will depend upon the Group being able to manage its liquidity requirement and by taking some or all of the following actions:

1. raising additional capital;
2. successful exploration and subsequent exploitation of the Group's tenements;
3. reducing its working capital expenditure; and
4. disposing of non-core projects.

The directors have concluded as a result of the requirement to raise funds in the future there exists a material uncertainty that may cast significant doubt regarding the Group's ability to continue as a going concern and therefore, the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the current financial position of the Group, and the Group's ability to raise further capital (evidenced by the successful 2017 IPO) the directors have a reasonable expectation that the Group will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going Concern (Continued)

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Consolidated Mineral Exploration Ltd ("Company" or "parent entity") as at 30 June 2018, and the results of all subsidiaries for the period then ended. Lithium Consolidated Mineral Exploration Ltd and its subsidiaries together are referred to in these financial statements as the Group or the economic entity.

The names of the subsidiaries are contained in Note 22. All subsidiaries in Australia have a 30 June financial year end and are accounted for by the parent entity at cost. All subsidiaries in Africa have a 31 December financial year end and are accounted for by the parent entity at cost.

Subsidiaries are all entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has a right to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling Interests

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director/Chief Executive Officer.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical locations as these locations have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are similar with respect to any external regulatory requirements. Management currently identifies the Group as having only one reportable segment, being the exploration of mineral projects.

Income Tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

The Company and its Australian 100% owned controlled entities have not yet formed a tax consolidated group.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review will be undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Restoration Costs

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the exploration and mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

The economic entity is not currently liable for any future restoration costs in relation to current areas of interest. Consequently, no provision for restoration has been deemed necessary.

Impairment of Assets

At each reporting date, the economic entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Fair value is the price that would be received to sell an asset or paid to transfer an asset. Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The economic entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Financial Instruments** (Continued)*Impairment*

At each reporting date, the economic entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of less than 3 months.

Issued Capital

Ordinary shares are classified as equity. Transaction costs (net of tax where the deduction can be utilised) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Share Based Payments

The economic entity makes equity-settled share based payments to directors, employees and other parties for services provided or the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black and Scholes option valuation pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or overseas VAT), except where the amount of GST incurred is not recoverable. In these circumstances the GST (or overseas VAT) is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Foreign Currency Transactions and Balances*Functional and presentation currency*

The functional and presentation currency of Lithium Consolidated Mineral Exploration Pty Ltd and its Australian subsidiaries is Australian dollars (\$A).

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Transactions and Balances (Continued)

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were measured. Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the economic entity's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period;
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income.

Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed periodically by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and Equipment (Continued)

The depreciation rates used for plant and equipment is 33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Employee Benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period adjusted for any bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New and Amended Standards and Interpretations For Future Periods

New and amended standards issued that are not yet effective during the year have not been adopted in preparing these financial statements. These standards include:

- 1 – AASB 15 - Revenue from Contracts with Customers – applicable to annual reporting periods beginning on or after 1 January 2018.
- 2 – AASB 9 - Financial Instruments – applicable to annual reporting periods beginning on or after 1 January 2018.

None of these are expected to have a significant effect on the financial statements when they are first applied.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the economic entity.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Critical Accounting Estimates and Judgements** (Continued)

Key Judgements:

Exploration and Evaluation Assets

The economic entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of exploration and drilling results performed to reporting date. Exploration and evaluation assets at 30 June 2018 were \$4,184,290.

NOTE 2: REVENUE

| | 30 June 2018 | 30 June 2017 |
|-------------------------------------------|---------------|--------------|
| | \$ | \$ |
| Revenue from operating activities: | | |
| Interest received from other persons | 47,169 | 7,847 |
| | 47,169 | 7,847 |

NOTE 3: EXPENSES

| | 30 June 2018 | 30 June 2017 |
|------------------------------------------------------|--------------|--------------|
| | \$ | \$ |
| Included in expenses are the following items: | | |
| ASX, ASIC, share registry expenses | 69,707 | 23,575 |
| Audit and external accounting fees | 55,146 | 41,844 |
| Consulting fees | 100,833 | 131,277 |
| Insurance | 43,350 | 73,625 |
| Marketing | 20,953 | 10,275 |
| Travel expenses | 52,930 | 89,777 |
| Employee benefits expense comprises: | | |
| Salaries, wages and superannuation | 190,000 | 85,296 |
| Directors and senior management fees | 265,170 | 143,053 |
| Provision for leave entitlement | 14,933 | 3,337 |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 4: INCOME TAX EXPENSE**

| | 30 June 2018 \$ | 30 June 2017 \$ |
|------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| (a) The prima facie tax on the operating loss is reconciled to income tax expense as follows: | | |
| Prima facie tax/(benefit) on loss from ordinary activities before income tax at 27.5% (2017: 30%) | (469,488) | (356,920) |
| Adjust for tax effect of: | | |
| Non-deductible amounts | 104,552 | 105,445 |
| Deferred tax assets not brought to account | 364,936 | 251,475 |
| Income tax expense/(benefit) | - | - |
| Deferred tax asset not recognised through equity | 198,296 | 335,243 |
| (b) Recognized deferred tax assets and liabilities | | |
| Deferred tax assets | | |
| Temporary differences | 230,783 | 285,492 |
| Carried forward tax losses | 253,628 | - |
| Deferred tax liabilities | | |
| Exploration and evaluation assets | (484,411) | (285,492) |
| Net deferred tax asset | - | - |
| Unrealised tax losses available | 3,355,623 | 2,075,392 |
| Unrealised temporary differences available | 0 | 4,779 |
| Net unrealised deferred tax assets at 27.5% | 922,796 | 624,051 |

NOTE 5: CASH AND CASH EQUIVALENTS

| | 30 June 2018 \$ | 30 June 2017 \$ |
|--------------------------|--------------------|--------------------|
| Cash at bank and on hand | 1,166,731 | 1,329,170 |
| Short term deposits | 781,350 | 2,151,757 |
| | 1,948,081 | 3,480,927 |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 6: RECEIVABLES**

| | 30 June 2018 | 30 June 2017 |
|-----------------------|---------------|----------------|
| | \$ | \$ |
| Current: | | |
| Other receivables | 19,554 | 165,808 |
| Loan (see note below) | - | 386,784 |
| | 19,554 | 552,592 |

The acquisition of the Company's Tonopah lithium and Teels projects in Nevada, upon completion of the Company's IPO and listing on the ASX (March 2017), involved the payment of the AUD\$100,000 cash consideration and the issue of 12,000,000 shares in the Company (valued at \$0.20 per share). The consideration triggered a 15% withholding tax liability for ProspectOre LLC and Big Smokey Exploration LLC (the "Vendors"). In order to allow completion of the acquisition to occur expeditiously upon completion of the Company's IPO and listing on the ASX, the Company agreed to lend the Vendors the amount of the withholding tax liability as assessed by the US Internal Revenue Service of the US Department of the Treasury.

The Company advanced that loan by paying an amount of withholding tax of US\$289,065 (A\$383,199) to the United States Internal Revenue Service on 7 April 2017. The loan was repayable the day immediately following the last day of ASX escrow imposed on the consideration shares (that form part of the security), being 22 March 2018. Interest accrued at 4.0% per annum.

The loan (and accrued interest) was repaid in full in June 2018.

NOTE 7: OTHER CURRENT ASSETS

| | 30 June 2018 | 30 June 2017 |
|-------------|--------------|--------------|
| | \$ | \$ |
| Current: | | |
| Prepayments | 3,834 | 3,667 |
| | 3,834 | 3,667 |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 8: EXPLORATION AND EVALUATION ASSETS**

| | 30 June 2018 | 30 June 2017 |
|---------------------------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Exploration and evaluation expenditure carried forward in respect of areas of interest are: | | |
| Exploration and evaluation phase - at cost | 4,184,290 | 3,451,640 |
| Movement in exploration and evaluation assets: | | |
| Opening balance - at cost | 3,451,640 | 353,788 |
| Acquisition costs | - | 2,500,000 |
| Capitalised exploration expenditure | 809,856 | 597,852 |
| Impairment of exploration assets | (77,206) | - |
| Total exploration and evaluation assets | 4,184,290 | 3,451,640 |
| Carrying amount at the end of the year | 4,184,290 | 3,451,640 |

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of projects, or alternatively, through the sale of the areas of interest.

NOTE 9: PLANT AND EQUIPMENT

| | 30 June 2018 | 30 June 2017 |
|--------------------------------------------------------------------------------------------|--------------|--------------|
| | \$ | \$ |
| At cost | - | 2,029 |
| Accumulated depreciation | - | (680) |
| Write-off | - | (1,349) |
| Total plant and equipment | - | - |
| Reconciliation of the carrying amounts for property, plant and equipment is set out below: | | |
| Balance at the beginning of period | - | 2,029 |
| Additions during the period | - | - |
| Depreciation expense | - | (680) |
| Write-off | - | (1,349) |
| Carrying amount at the end of period | - | - |

NOTE 10: TRADE AND OTHER PAYABLES

| | 30 June 2018 | 30 June 2017 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Current: | | |
| Trade payables and accrued expenses | 171,577 | 101,066 |
| Short term employee benefits | 18,270 | 3,337 |
| Total payables (unsecured) | 189,847 | 104,403 |

The average credit period on purchases of goods and services is 30 days. No interest is paid on trade payables.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 11: CONTRIBUTED EQUITY****Fully paid ordinary shares**

| | 2018 | | 2017 | |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | No. of Shares | \$ | No. of Shares | \$ |
| Balance at the beginning of period | 89,972,122 | 10,047,863 | 37,400,000 | 930,001 |
| Share issues: | | | | |
| 15 August 2016 (a) | | | 750,000 | 75,000 |
| 23 August 2016 (b) | | | 127,500 | 12,750 |
| 20 September 2016 (c) | | | 2,100,000 | 210,000 |
| 5 October 2016 (d) | | | 3,000,000 | 300,000 |
| 11 October 2016 (e) | | | 3,388,128 | 338,813 |
| 17 October 2016 (f) | | | 500,000 | 50,000 |
| 31 October 2016 (g) | | | 3,750,000 | 375,000 |
| 31 October 2016 (h) | | | 350,000 | 35,000 |
| 21 March 2017 (i) | | | 12,000,000 | 2,400,000 |
| 21 March 2017 (j) | | | 26,606,494 | 5,321,299 |
| 24 January 2018 (k) | 200,000 | 20,000 | | |
| 29 June 2018 (l) | 327,000 | 45,780 | | |
| Balance as at 30 June | 90,499,122 | 10,113,643 | 89,972,122 | 10,047,863 |
| Total transaction costs associated with share issues | | (1,167,956) | | (1,102,219) |
| Net issued capital | | 8,945,687 | | 8,945,644 |

Ordinary shareholders are entitled to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amount paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Ordinary shares have no par value.

Notes for the above table:

- (a) Issued at \$0.10 each, pursuant to a private placement.
- (b) Issued at no consideration, pursuant to a board resolution to advisors of the Company for services rendered. Valued at \$0.10 each, being the latest share issue price at the time of issue. Refer to Note 19 for details of share based payments
- (c) 2,000,000 shares issued at \$0.10 each, pursuant to a private placement. A further 100,000 shares Issued at no consideration, pursuant to a board resolution to advisors of the Company for services rendered, valued at \$0.10 each, being the latest share issue price at the time of issue - refer to Note 19 for details of share based payments.
- (d) Issued to acquire (the final) 30% in West Resource Ventures Pty Ltd, the Company's subsidiary that holds its Western Australia tenements. Valued at \$0.10 each, being the latest share issue price at the time of issue. Refer to Note 19 for details of share based payments.
- (e) 3,175,628 shares issued at \$0.10 each, pursuant to a private placement. A further 212,500 shares Issued at no consideration, pursuant to a board resolution to advisors of the Company for services rendered, valued at \$0.10 each, being the latest share issue price at the time of issue - refer to Note 19 for details of share based payments.
- (f) Issued at \$0.10 each, pursuant to a private placement.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 11: CONTRIBUTED EQUITY** (Continued)**Fully paid ordinary shares** (Continued)

- (g) Issued at \$0.10 each, pursuant to a private placement.
- (h) Issued at no consideration, pursuant to a board resolution to advisors of the Company for services rendered. Valued at \$0.10 each, being the latest share issue price at the time of issue. Refer to Note 19 for details of share based payments.
- (i) Issued as (part of) the final consideration to perfect to acquisition of 80% of the Company's Big Smokey project in Nevada. Valued at \$0.20 each, being the share issue price at the time of issue, concurrent with the Company's Initial Public Offering. Refer to Note 19 for details of share based payments.
- (j) Issued at \$0.20 each, pursuant to a Prospectus as part of the Company's Initial Public Offering.
- (k) 200,000 shares with a fair value of \$20,000 issued upon exercise of performance rights (to a former director) at no consideration, as per the performance rights agreement.
- (l) 327,000 shares with a fair value of \$45,780 issued to consultants at no consideration, as part of share-based payments.

Options

| | Note | Weighted average exercise price | 30 June 2018 No. of Options | Weighted average exercise price | 30 June 2017 No. of Options |
|--------------------------------------------------|------|---------------------------------------|--------------------------------|---------------------------------------|--------------------------------|
| Unlisted Share Options | | \$0.157 | 6,154,000 | \$0.125 | 4,000,000 |
| Balance at the beginning of the reporting period | | \$0.125 | 4,000,000 | \$0.10 | 3,000,000 |
| Options issued during the period: | | | | | |
| Issued to consultants | 19 | \$0.215 | 2,154,000 | \$0.20 | 1,000,000 |
| Exercisable at end of year | | \$0.157 | 6,154,000 | \$0.125 | 4,000,000 |

Performance Rights

| | Note | Weighted average exercise price | 30 June 2018 No. of Performance Rights | Weighted average exercise price | 30 June 2017 No. of Performance Rights |
|--------------------------------------------------------|------|---------------------------------------|-------------------------------------------------|---------------------------------------|-------------------------------------------------|
| Unlisted Performance Rights | | - | 7,177,000 | - | 7,500,000 |
| Balance at the beginning of the reporting period | | - | 7,500,000 | - | - |
| Performance Rights issued/cancelled during the period: | | | | | |
| Issued to director and consultants | 19 | - | 477,000 | - | 7,500,000 |
| Exercised | (a) | - | (200,000) | - | - |
| Cancelled | (b) | - | (600,000) | - | - |
| Balance at end of year | | - | 7,177,000 | - | 7,500,000 |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 11: CONTRIBUTED EQUITY (Continued)

Notes to the above table:

- (a) 200,000 performance rights were exercised and converted into 200,000 ordinary shares by a former director.
- (b) 600,000 performance rights were cancelled due to the resignation of a director.

Capital Management

Exploration companies such as Lithium Consolidated Mineral Exploration Ltd are funded almost exclusively by share capital. Management controls the capital of the Group to ensure it can fund its operations and continue as a going concern. Capital management policy is to fund its exploration activities principally by way of equity, and where required, debt and/or project finance. No dividend will be paid while the Group is in exploration stage. There are no externally imposed capital requirements.

There have been no other changes to the capital management policies during the year.

NOTE 12: RESERVES

Share-Based Payments Reserve

The share-based payment reserve is used to recognise the fair value of options issued to consultants. This reserve can be reclassified as retained earnings if options lapse.

NOTE 13: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical locations as these locations have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are similar with respect to any external regulatory requirements. Management currently identifies the Group as having only one reportable segment, being the exploration of mineral projects.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 13: OPERATING SEGMENTS** (Continued)**(c) Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(d) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations

i. Segment Performance

| | USA | Australia | Botswana | All Other Segments | Total |
|---------------------------------------------------------------------|----------|---------------|----------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 30 June 2018 | | | | | |
| REVENUE | | | | | |
| Interest revenue | - | 47,137 | - | 32 | 47,169 |
| Total segment revenue | - | 47,137 | - | 32 | 47,169 |
| <i>Reconciliation of segment revenue to Group revenue</i> | | | | | |
| Total Group revenue | | 47,137 | | 32 | 47,169 |
| <i>Reconciliation of segment result of Group net loss after tax</i> | | | | | |
| Segment net loss before tax | (10,139) | (7,214) | (87,508) | (208,117) | (312,978) |
| Amounts not included in segment result but reviewed by Board | | | | | |
| - Corporate charges | | | | (1,394,250) | (1,394,250) |
| - Depreciation and amortisation | | | | - | - |
| Net Loss after tax from continuing operations | | | | | (1,707,228) |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 13: OPERATING SEGMENTS** (Continued)**(d) Unallocated items** (Continued)**i. Segment performance** (Continued)

| | USA | Australia | Botswana | All Other Segments | Total |
|---------------------------------------------------------------------|----------|-----------|----------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 30 June 2017 | | | | | |
| REVENUE | | | | | |
| Interest revenue | - | - | - | - | - |
| Total segment revenue | - | - | - | - | - |
| <i>Reconciliation of segment revenue to Group revenue</i> | | | | | |
| Total Group revenue | | | | 7,847 | 7,847 |
| <i>Reconciliation of segment result of Group net loss after tax</i> | | | | | |
| Segment net loss before tax | (79,922) | (18,605) | (22,450) | 7,847 | (113,130) |
| Amounts not included in segment result but reviewed by Board | | | | | |
| - Corporate charges | | | | (1,075,924) | (1,075,924) |
| - Depreciation and amortisation | | | | (680) | (680) |
| Net Loss after tax from continuing operations | | | | | (1,189,734) |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 13: OPERATING SEGMENTS** (Continued)**(d) Unallocated items** (Continued)**ii. Segment assets**

| | USA | Australia | Botswana | All Other Segments | Total |
|--|-----|-----------|----------|--------------------|-------|
| | \$ | \$ | \$ | \$ | \$ |

30 June 2018

Reconciliation of segment assets to Group assets

| | | | | | |
|----------------|-----------|---------|---|---|-----------|
| Segment Assets | 3,676,786 | 507,504 | - | - | 4,184,290 |
|----------------|-----------|---------|---|---|-----------|

Unallocated Assets

| | | | | | |
|-------------|--|--|--|-----------|-----------|
| - Corporate | | | | 1,971,469 | 1,971,469 |
|-------------|--|--|--|-----------|-----------|

Total Group Assets**6,155,759****Segment Asset Increases (Decreases)**

Capitalised expenditure for the period

| | | | | | |
|-------------------------|---------|---------|--------|---|---------|
| - Exploration and Other | 225,146 | 507,504 | 77,206 | - | 809,856 |
|-------------------------|---------|---------|--------|---|---------|

| | | | | | |
|-------------------------|--|---|----------|---|----------|
| - Impairment write-down | | - | (77,206) | - | (77,206) |
|-------------------------|--|---|----------|---|----------|

| | | | | |
|----------------|----------------|----------|----------|----------------|
| 225,146 | 507,504 | - | - | 732,650 |
|----------------|----------------|----------|----------|----------------|

| | USA | Australia | Botswana | All Other Segments | Total |
|--|-----|-----------|----------|--------------------|-------|
| | \$ | \$ | \$ | \$ | \$ |

30 June 2017

Reconciliation of segment assets to Group assets

| | | | | | |
|----------------|-----------|---|---|---|-----------|
| Segment Assets | 3,451,640 | - | - | - | 3,451,640 |
|----------------|-----------|---|---|---|-----------|

Unallocated Assets

| | | | | | |
|-------------|--|--|--|-----------|-----------|
| - Corporate | | | | 4,037,186 | 4,037,186 |
|-------------|--|--|--|-----------|-----------|

Total Group Assets**7,488,826****Segment Asset Increases (Decreases)**

Capitalised expenditure for the period

| | | | | | |
|-------------------------|-----------|---|---|---|-----------|
| - Exploration and Other | 3,097,851 | - | - | - | 3,097,851 |
|-------------------------|-----------|---|---|---|-----------|

| | | | | |
|------------------|----------|----------|----------|------------------|
| 3,097,851 | - | - | - | 3,097,851 |
|------------------|----------|----------|----------|------------------|

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 13: OPERATING SEGMENTS** (Continued)**(d) Unallocated items** (Continued)**iii. Segment liabilities**

| | USA | Australia | Botswana | All Other Segments | Total |
|------------------------------------------------------------|---------------|--------------|----------|--------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| 30 June 2018 | | | | | |
| Reconciliation of segment liabilities to group liabilities | - | 1,436 | - | 77 | 1,513 |
| Unallocated Liabilities | | | | | |
| - Corporate | | | | 188,334 | 188,334 |
| Total Group Liabilities | - | 1,436 | - | 188,411 | 189,847 |
| 30 June 2017 | | | | | |
| Reconciliation of segment liabilities to group liabilities | 26,181 | 275 | - | - | 26,456 |
| Unallocated Liabilities | | | | | |
| - Corporate | | | | 77,947 | 77,947 |
| Total Group Liabilities | 26,181 | 275 | - | 77,947 | 104,403 |

NOTE 14: CASH FLOW INFORMATION

| | 30 June 2018 | 30 June 2017 |
|-----------------------------------------------------------------------------------|--------------------|------------------|
| | \$ | \$ |
| A. Reconciliation of Cash Flow from Operations with Loss after Income Tax: | | |
| Loss after income tax | (1,707,228) | (1,189,734) |
| Non-cash flows in loss from ordinary activities: | | |
| Loss of disposal of PP&E | - | 1,349 |
| Depreciation | - | 680 |
| Impairment – Mining assets | 77,206 | - |
| Equity settled compensation | 279,239 | 2,778,641 |
| Changes in operating assets and liabilities: | | |
| (Increase)/Decrease in receivables | 149,840 | 172 |
| (Increase)/Decrease in prepayments and other assets | (167) | (3,667) |
| Increase/(decrease) in payables and accruals | 64,058 | (2,500,168) |
| Increase/(decrease) in provisions | 14,933 | 3,337 |
| Cash flows from operations | (1,122,119) | (909,390) |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 14: CASH FLOW INFORMATION** (Continued)**B. Non-cash Financing Activities**

Share issue:

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------|
| - 3,000,000 shares issued to acquire (the final) 30% in West Resource Ventures Pty Ltd, the Company's subsidiary that holds its Western and South Australia tenements. Valued at \$0.10 each, being the latest share issue price at the time of issue. | - | 300,000 |
| - 790,000 shares issued at no consideration, pursuant to board resolutions to advisors of the Company for services rendered, valued at \$0.10 each, being the latest share issue price at the time of issue. | - | 79,000 |
| - 12,000,000 shares issued as (part of) the final consideration to perfect to acquisition of 80% of the Company's Big Smokey project in Nevada. Valued at \$0.20 each, being the share issue price at the time of issue, concurrent with the Company's Initial Public Offering. | - | 2,400,000 |
| - 200,000 shares with a fair value of \$20,000 upon exercise of performance rights. The share issue was based on the fair value of the company which was determined by an independent valuation. | 20,000 | - |
| - 327,000 shares with a fair value of \$45,780 issued to consultants at no consideration, as part of share-based payments. The fair value of the shares was calculated per the market value on the date of the shares issued. | 45,780 | - |

NOTE 15: EARNINGS PER SHARE

| | 30 June 2018 | 30 June 2017 |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| | \$ | \$ |
| Net loss used in the calculation of basic and diluted EPS attributable to owners of the parent company | (1,707,228) | (1,189,726) |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS | 90,060,489 | 58,316,904 |

Options are considered potential ordinary shares. Options issued are not presently dilutive and were not included in the determination of diluted earnings per share for the period.

NOTE 16: COMMITMENTS**(a) Exploration Commitments**

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The following commitments exist at balance date but have not been brought to account. If the relevant option to acquire a mineral tenement is relinquished the expenditure commitment also ceases. The Group has the option to negotiate new terms or relinquish the tenements and also to meet expenditure requirements by joint venture or farm-in arrangements.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 16: COMMITMENTS** (Continued)**Exploration Commitments** (Continued)

| | 30 June 2018 | 30 June 2017 |
|----------------------------------------------|------------------|----------------|
| | \$ | \$ |
| Not later than 1 year | 214,000 | 172,000 |
| Later than 1 year but not later than 5 years | 876,000 | 688,000 |
| Later than 5 years | - | - |
| Total commitment | 1,090,000 | 860,000 |

(b) Operating Lease Commitments

The Group has no operating leases.

(c) Capital Commitments

The Group has no capital commitments.

NOTE 17: CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the reporting period.

NOTE 18: RELATED PARTY TRANSACTIONS**Parent Entity**

Lithium Consolidated Mineral Exploration Ltd is the legal parent and ultimate parent entity of the Group.

Subsidiary

Interest in subsidiaries are disclosed in Note 22.

Key Management Personnel

| | 30 June 2018 | 30 June 2017 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 455,170 | 228,349 |
| Share-based payments | 212,600 | 247,364 |
| | 667,770 | 475,713 |

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018**NOTE 19: SHARE-BASED PAYMENTS****Director and Employee Share-based Payments**

Share based payment expense recognised during the year:

| | 30 June 2018 | 30 June 2017 |
|----------------------------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Share based payment expense recognised during the period: | | |
| Shares issued to advisors (1) | | 52,500 |
| Options revaluation (2) | | 42,840 |
| Options issued to a consultant (3) | | 50,580 |
| Allocation of value of performance rights issued in Oct 2016 (4) | 212,598 | 157,504 |
| Options issued to consultants (5) | 53,100 | |
| Shares issued to advisors (6) | 45,780 | |
| Allocation of value of performance rights issued in Jun 2018 (7) | 74 | |
| Allocation of value of options issued to consultants in Jun 2018 (8) | 42,902 | |
| | 354,454 | 303,424 |

Notes for the above table, relating to the years ended 30 June 2018 and 30 June 2017, are:

1. 525,000 shares were issued to various advisors for the services they provided. The shares were valued at \$0.10 per share, being the latest capital raising price at the relevant dates of issue.
2. The expiry dates on 3,000,000 options previously issued to a director and advisors (on 17 May 2016) were extended from 1 December 2017 to 1 January 2019. This resulted in an adjustment to the fair value of the options of (an increase of) \$42,840.
3. 1 million options were granted to a consultant. The options vested on grant date and expire on 31 December 2019.

The weighted average fair value of options granted during the period was 5.06 cents. The fair values at grant date were determined by using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for the options as follows:

- grant dates: 13 October 2016
 - share price at grant date: 10 cents
 - exercise prices: 20 cents
 - expected volatility: 100%
 - expected dividend yield: nil
 - risk free rate: 1.72%
4. 7.5 million performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to directors and consultants in October 2016. The weighted average fair value of performance rights granted was 9.04 cents. All of the performance rights expire 72 months after issue date. In January 2018, 200,000 performance rights were exercised and 600,000 performance rights expired when a director resigned. The fair value of the performance rights after the exercise and cancellation totalled \$623,700 and has been spread over the period to 30 June 2020, being the last vesting date on the performance rights.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 19: SHARE BASED PAYMENTS (Continued)

5. 1.5 million options were granted to consultants in July 2017. The options vested on grant date and expire on 30 June 2019.

The weighted average fair value of options granted during the period was 3.54 cents. The fair values at grant date were determined by using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the half year ended 31 December 2017 were as follows:

- grant dates: 3 July 2017
- share price at grant date: 9 cents
- exercise price: 20 cents
- expected volatility: 110.06%
- expected dividend yield: nil
- risk free rate: 1.752%

6. 327,000 shares were issued to various consultants for the services they provided. The shares were valued at \$0.14 per share, being the share price at the date of issue.

7. 477,000 performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to consultants in June 2018. The fair value of performance rights granted was 14 cents. The fair values at grant date were determined by an independent valuator taking into account the share price at grant date, expected volatility, vesting conditions, expiry dates, expected dividends, the risk free rate, the impact of dilution, the fact that the performance rights are not tradeable and the likelihood that the performance conditions will be achieved. The fair value of the performance rights totalled \$21,000 and has been spread over the period to 30 June 2019, being the last vesting date on the performance rights.

8. 654,000 options were granted to consultants in June 2018. The options vested on grant date and expire on 29 June 2020.

The weighted average fair value of options granted during the period was 0.0656 cents. The fair values at grant date were determined by using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for the options granted were as follows:

- grant dates: 29 June 2018
- share price at grant date: 14 cents
- exercise price: 25 cents
- expected volatility: 115%
- expected dividend yield: nil
- risk free rate: 2.000%

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 20: AUDITOR'S REMUNERATION

Remuneration for the auditor of the parent entity:

| | 30 June 2018 | 30 June 2017 |
|---------------------------------------------|---------------|---------------|
| | \$ | \$ |
| BDO Audit Pty Ltd and its related entities: | | |
| Auditing or reviewing the financial reports | 36,177 | 35,000 |
| Taxation | 18,969 | 5,400 |
| Due diligence services | - | 12,508 |
| | 55,146 | 52,908 |

NOTE 21: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments comprises cash balances, receivables and payables, loans to and from subsidiaries and a loan from a related party. The main purpose of these financial instruments is to provide finance for Group operations.

Treasury Risk Management

Key executives of the Company meet on a regular basis to analyse exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the board.

Financial Risks

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. These risks are managed through monitoring of forecast cash flows, interest rates, economic conditions and ensuring adequate funds are available.

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's cash flows or fair value will fluctuate as a result of changes in market interest rates, arises in relation to the Group's bank balances. This risk is managed through the use of variable rate bank accounts.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's activities are funded from equity and where required and available debt and/or project finance. There is no requirement to repay principal or pay interest on the related party loan during the loan term.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 21: FINANCIAL RISK MANAGEMENT (Continued)

Financial Risk Management Policies (Continued)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is their carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk arises from exposures to deposits with financial institutions and sundry receivables.

Credit risk is managed and reviewed regularly by key executives. The key executives monitor credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised; and
- all other entities are rated for credit worthiness taking into account their size, market position and financial standing.

At 30 June 2018, there was no concentration of credit risk, other than bank balances.

Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the relevant entity's functional currency.

Financial assets and liabilities exist for the Group's USA, Zimbabwe & Mozambique operations, and thus there is exposure to the US Dollars and Mozambique New Metical. As this risk is minor, it is not hedged. At reporting date, the net foreign currency risk (stated in \$AUD) was \$7,504 (2017 \$66,124).

(b) Financial Instrument Composition and Contractual Maturity Analysis

| | 30 June 2018 | 30 June 2017 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Financial assets: | | |
| Within 6 months: | | |
| cash & cash equivalents (i) | 1,948,081 | 3,480,927 |
| receivables (i) | 19,554 | 165,808 |
| prepayments | 3,834 | 3,667 |
| | 1,971,469 | 3,650,402 |
| Financial liabilities: | | |
| Within 6 months: | | |
| payables (i) | (189,847) | (104,403) |
| | (189,847) | (104,403) |

(i) Non-interest bearing. The contractual cash flows do not differ to the carrying amount.

(c) Net Fair Values

Fair values of financial assets and financial liabilities are materially in line with carrying values.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 21: FINANCIAL RISK MANAGEMENT (Continued)

(d) Sensitivity Analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant, is immaterial.

NOTE 22: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

| | Country of incorporation | Ownership interest | |
|------------------------------------|--------------------------|--------------------|--------------|
| | | 30 June 2018 | 30 June 2017 |
| West Resource Ventures Pty Ltd (i) | Australia | 100% | 100% |
| South Resource Ventures Pty Ltd | Australia | 80% | 80% |
| LCME Holdings Inc. | U.S.A. | 100% | 100% |
| Li3 (Mozambique) Pty Ltd | Australia | 100% | - |
| Li3B (Mozambique) Pty Ltd | Australia | 100% | - |
| Li3C (Mozambique) Pty Ltd | Australia | 100% | - |
| LithiumB, S.A | Mozambique | 100% | - |
| Licomex (Private) Limited | Zimbabwe | 100% | - |

- (i) During the year ended 30 June 2017, 3,000,000 Shares were issued to acquire (the final) 30% in West Resource Ventures Pty Ltd. The (accounting) value of the Shares issued was \$0.10 per Share, being the price of the Shares issued at that time. The \$300,000 fair value of the shares issued has resulted in a loss on acquiring the non-controlled interest of \$306,705 and elimination of the Non-controlling interest (\$6,705) on the Statement of Financial Position. No accounting has been recognised for the NSR as it is not expected to be achieved until the projects enter production in the future.

NOTE 23: SUBSEQUENT EVENTS

On 6 August 2018 the Company announced that it had executed an Agreement to acquire a 100% interest in the Bepe and Kondo mines in Zimbabwe (the "**Mines**") (the "**Agreement**").

The Company will acquire a 100% interest in:

1. The Bepe Mine through the Bepe Special Mining License (Registration No.: M4740BM) (the "**Bepe Mine**"); and
 2. The Kondo Mine through three (3) Mining Licenses: Mwami 'L' (Registration No.: 40832BM), Jerejoga '20' (Registration No.: 27976BM), Kondo 9 (Registration No.: 25988BM) (the "**Kondo Mine**"),
- (collectively the "**Mining Licenses**").

The Mining Licenses enable rapid development of small-scale production, while the larger-scale lithium resource potential is tested through systematic exploration. The Zimbabwe lithium assets are all based on historical mines and have multi-commodity production potential, for example for tantalite and beryl production, in addition to the targeted lithium mineralization potential.

The Agreement is to acquire a 100% interest in the Mining Licenses for a purchase price of US\$425,000, subject to the following conditions:

- Regulatory approvals; and
- The Company being satisfied with its due diligence.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2018

NOTE 23: SUBSEQUENT EVENTS (Continued)

The Company has paid a non-refundable deposit of US\$25,000 which is considered part of the purchase price and has a 3-month exclusive period for due diligence. The Company is permitted to undertake full due diligence, including rock-chip sampling, trenching and drilling, where necessary.

Other than the matter noted above, there are no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 24: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Lithium Consolidated Mineral Exploration Ltd at 30 June 2018. This information has been prepared using consistent accounting policies as presented in Note 1.

| | 30 June 2018 | 30 June 2017 |
|-------------------------------------------|--------------|--------------|
| | \$ | \$ |
| Current assets | 1,838,446 | 3,647,418 |
| Non-current assets | 4,308,830 | 3,890,138 |
| Total assets | 6,147,276 | 7,537,556 |
| Current liabilities | 181,364 | 104,031 |
| Non-current liabilities | - | - |
| Total liabilities | 181,364 | 104,031 |
| Net assets | 5,965,912 | 7,433,525 |
| Contributed equity | 8,945,687 | 8,945,644 |
| Reserves | 681,108 | 392,434 |
| Accumulated losses | (3,660,883) | (1,903,553) |
| Total equity | 5,965,912 | 7,433,526 |
| Loss for the period | (1,756,331) | (1,159,583) |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | (1,756,331) | (1,159,583) |

The Company has no contingent liabilities, nor has it entered into any guarantees in relation to the debts of its subsidiaries. The Company has not entered into any contractual commitments for the acquisition of property, plant and equipment.

The Company and its Australian controlled entities have formed a tax consolidated group as at the date of this report.

NOTE 25: COMPANY DETAILS

The registered office and principal place of business is:
Level 10, 110 Mary Street
Brisbane, Queensland, 4000 Australia

NOTE 26: DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

Director's Declaration

The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standards which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of their performance for the financial year ended on that date.
2. The chief executive officer and chief financial officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Shanthar Pathmanathan
Director

Dated 27 September 2018
Brisbane, Queensland

INDEPENDENT AUDITOR'S REPORT

To the members of Lithium Consolidated Mineral Exploration Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lithium Consolidated Mineral Exploration Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

| Key audit matter | How the matter was addressed in our audit |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Refer to Note 8 in the financial report.</p> <p>The Group carries exploration and evaluation assets as at 30 June 2018 in relation to the application of the Group's accounting policy for exploration and evaluation assets.</p> <p>The recoverability of exploration and evaluation asset is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i> in light of any indicators of impairment that may be present.</p> | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest. Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group has not decided to discontinue activities in any applicable areas of interest, and to assess whether there are any other facts or circumstances that existed to indicate impairment. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

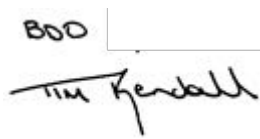
We have audited the Remuneration Report included in pages 19 to 23 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Lithium Consolidated Mineral Exploration Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



T J Kendall

Director

Brisbane, 27 September 2018