



ASX Announcement

ASX: Li3

31 January 2019

DECEMBER 2018 QUARTERLY REPORT

- Odzi West Project is the newest addition to our portfolio of hard rock lithium exploration projects in Zimbabwe
- 50 Licenses granted for 8 new hard rock lithium projects in Zimbabwe
- Due Diligence is continuing at the Bepe and Kondo Mines in Zimbabwe
- New hard rock lithium License Applications in Mozambique

Lithium Consolidated Limited (ASX: LI3) ("Lithium Consolidated" or the "Company") is pleased to report on its activities in the December 2018 quarter, including on our expansion strategy into hard rock lithium in Africa.

Our portfolio consists of:

- 50 granted Licenses for 8 new hard rock lithium projects in Zimbabwe;
- New hard rock lithium License Applications in Mozambique;
- the Tonopah Lithium Project in Nevada, USA, which is the premier lithium brine exploration project in North America; and
- 16 hard rock lithium Licenses in Western Australia.

The Company is focused on establishing a dominant position in hard rock lithium in Zimbabwe and Mozambique.

1. African Hard Rock Lithium

The Company has secured new Licenses at the Odzi West lithium project, which is the newest project to be added to our portfolio of seven (7) existing lithium exploration projects in the Mutare Greenstone Belt ("MGB"), in eastern Zimbabwe.

The Company now has eight (8) hard rock lithium exploration projects in Zimbabwe.

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

1.1. Zimbabwe – exploration projects

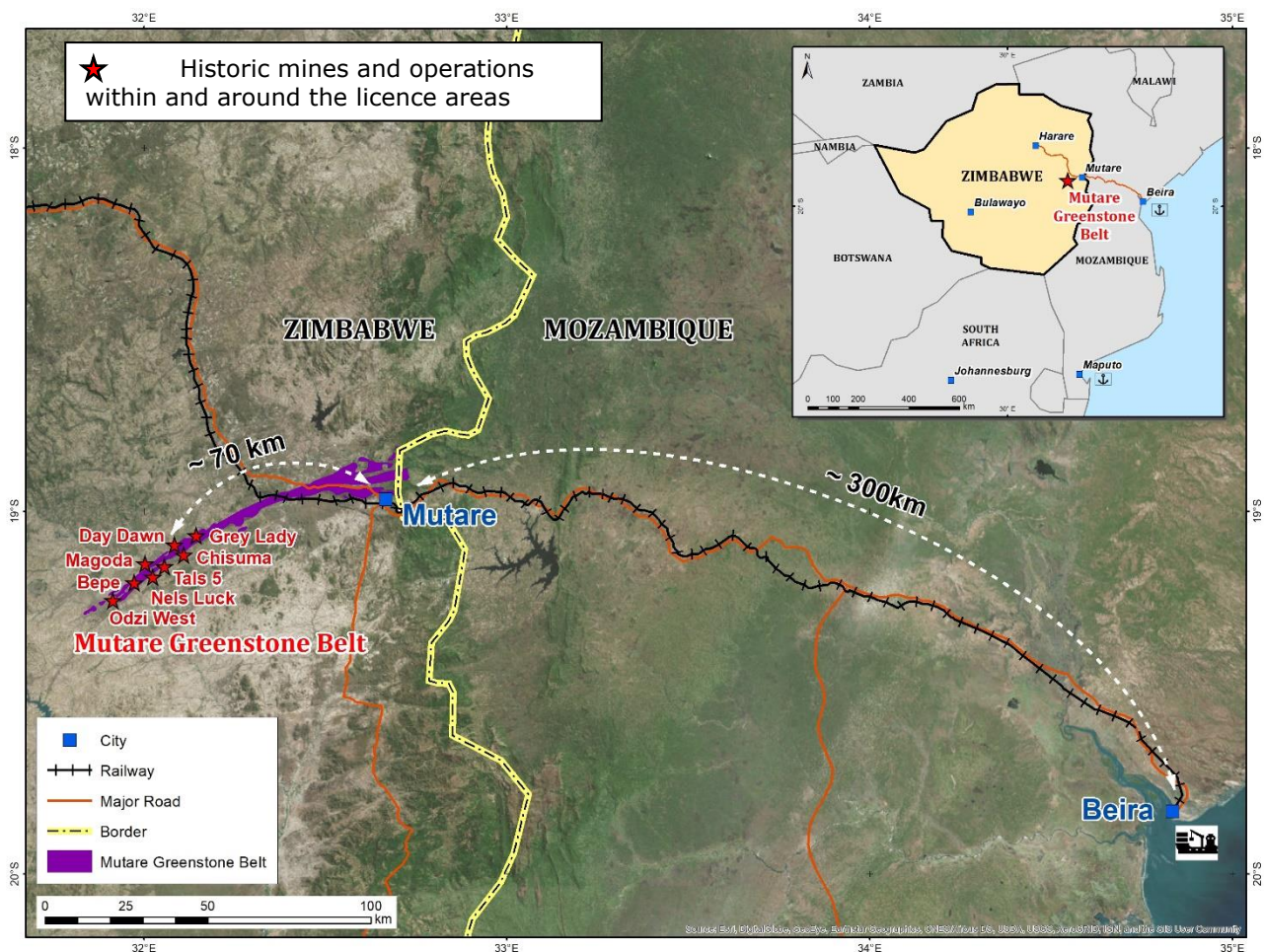
During the December 2018 Quarter, the Company was granted 21 new Licenses in the MGB in eastern Zimbabwe, including 11 new Licenses which form part of Odzi West hard rock lithium project and 10 new Licenses to consolidate our position over the previously announced, Bepe and Day Dawn lithium exploration projects, in eastern Zimbabwe.

The Odzi West project is the newest addition to the seven (7) previously announced hard rock lithium projects in eastern Zimbabwe.

The Company now has eight (8) lithium exploration projects in the Mutare Greenstone Belt, comprising 50 granted Licenses and 9 Licenses under application over a total area of 2,543 ha.

The Zimbabwe projects are ideally located and proximal to operational infrastructure. The Zimbabwe projects 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.

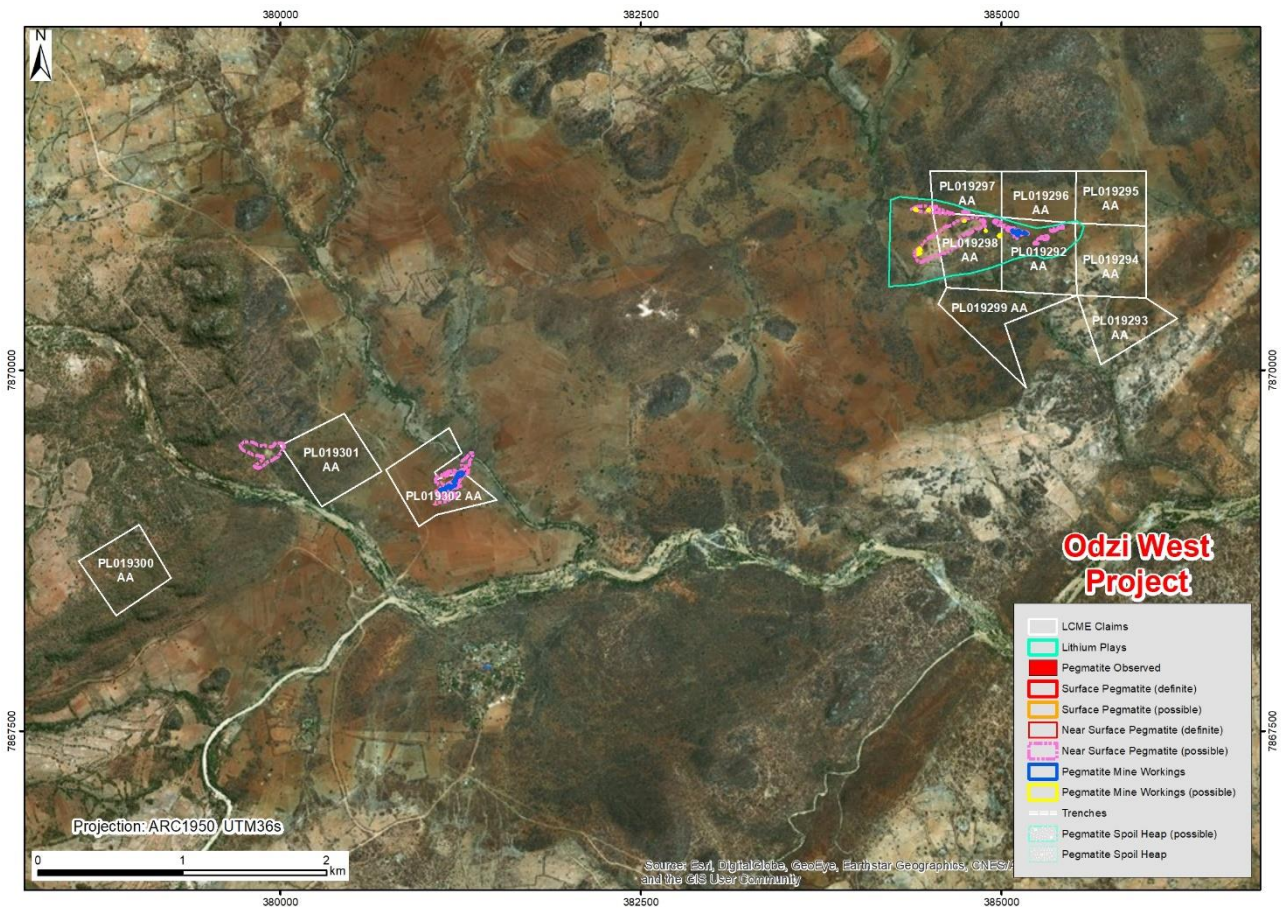
Figure 1
Mutare Greenstone Belt – Location and Infrastructure



1.1.1. Odzi West Lithium Project

The Odzi West Project comprises 11 newly granted Licences and is located at the south-western end of the Mutare Greenstone Belt (see Figure 1). There are at least seven clusters of artisanal workings on distinct, separate pegmatites here with historical reports documenting the presence of spodumene in one area of moderately extensive workings, and petalite in another area of workings. Image analysis indicates that the pegmatites could be moderately extensive as several appear to be flat-lying, with near surface sheet-like configurations. The artisanal and historical workings have produced beryl and tantalite in the past and appear to be inactive at present. Overall, there are encouraging indications of prospects worthy of further evaluation for their lithium and tantalum potential, with several of the clusters of artisanal workings within the newly granted licences.

Figure 2
11 licences comprising the Odzi West Lithium Exploration Project



1.1.2. Zimbabwe Exploration

The License areas were selected based on reconnaissance work which included:

- 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 comprise an initial phase 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 surface geochemical sampling program.

For further information on the Zimbabwe lithium assets, please see our Announcement dated 30 July 2018.

1.2. Zimbabwe – Bepe and Kondo Mines Acquisition

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**”), under which the Company will acquire a 100% interest in:

1. The Bepe Mine through the Bepe Special Mining License (Registration No.: M4740BM); 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),
(collectively the “**Mining Licenses**”).

The Company is targeting potential early development of potentially small-scale production of tantalite concentrate, while the larger-scale lithium resource potential is tested through systematic exploration.

With the existence of overlapping title issues and other matters, the initial due diligence period was extended from 3 November 2018 to 20 February 2019. The due diligence process at the Mines is ongoing.

For further information on the acquisition of the Bepe and Kondo Mines, please see our Announcements dated 6 August 2018 and 30 August 2018.

1.3. Mozambique

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 has underpinned significant historical production tantalite and beryl, and was also 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 Alto Ligonha Pegmatite Province encompasses a large proportion of the pegmatites in Mozambique.

There was no exploration activity in Mozambique during the December 2018 quarter.

2. Tonopah Lithium Project, Nevada, USA

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

TLP consists of 425 placer claims which were renewed on 31 August 2018 and where 14 were forfeited by the Bureau of Land Management, Nevada State Office 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.

There has been renewed interest in our Tonopah Lithium Project in Nevada with approaches from other corporations. As a consequence of these approaches, and in light of our decision to focus the Company on hard rock lithium, we are reviewing our strategic options with respect to the Tonopah Lithium Project.

There was no significant exploration activity at TLP in the December 2018 Quarter.

3. Yilgarn Lithium Project, Western Australia, Australia

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

YLP consists of 16 Exploration Licenses, including 12 granted Exploration Licenses and 4 pending Exploration License Applications, covering a total of 747 km².

EL69/3540 was granted on 16 August 2018 and EL28/2732 was granted on 11 October 2018.

There was no significant exploration activity at YLP in the December 2018 Quarter.

4. Corporate

The Company continues to assess new lithium exploration opportunities.

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

5. Capital structure

At the end of the quarter, there were 90,822,122 fully paid ordinary Shares, 5.5 million unlisted Options and 9.2 million unlisted Performance Rights on issue.

End

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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's Statement:

The information in this announcement that relates to the geological descriptions of the Zimbabwe Assets and Mozambique exploration licenses 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.



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Exploration Tenements

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

Project Name	Number of Claims	Lithium Consolidated Interest	Location of Claims
TLP	425	80%	Nevada, USA

Tenement Name	Tenement Number	Lithium Consolidated Interest	Location of Tenements
Yilgarn Project			
Bedonia	E63/1814	100%	Western Australia
Caranning	E63/1815	100% (Application)	Western Australia
Windarling	E77/2384	100% (Application)	Western Australia
Esmond	E69/3455	100%	Western Australia
Junction	E28/2631	100%	Western Australia
Snomys	E28/2632	100%	Western Australia
Ten Mile	E63/1813	100%	Western Australia
Nawoc	E15/1542	100%	Western Australia
Cool	E28/2651	100%	Western Australia
Dundas	E63/1826	100%	Western Australia
Ten Mile South	E63/1862	100%	Western Australia
Wanoc	E15/1616	100%	Western Australia
Junction North	E28/2732	100%	Western Australia
Dundas Nth	E63/1877	100% (Application)	Western Australia
Esmond NE	E69/3540	100%	Western Australia
Salmon	E28/2743	100% (Application)	Western Australia

Tenement Name	Tenement Number	Lithium Consolidated Interest	Location of Tenements
Zimbabwe Projects*			
Tals 5	Various	100% (Granted)	Zimbabwe
Nels Luck	Various	100% (Granted)	Zimbabwe
Bepe	Various	100% (Granted)	Zimbabwe
Magoda and Magoda North	Various	100% (Granted/apps)	Zimbabwe
Day Dawn	Various	100% (Granted)	Zimbabwe
Chisuma	Various	100% (Granted)	Zimbabwe
Grey Lady	Various	100% (Granted)	Zimbabwe
Odzi West	Various	100% (Granted/apps)	Zimbabwe

*Note: the 8 Zimbabwe projects are comprised of a total 59 prospecting licences, of which 50 have been granted.

Mozambique Projects			
N/A yet – 6 applications lodged	Various	100% (Applications)	Mozambique