

31 July 2019

Dear Shareholder

**Lithium Consolidated Limited ACN 612 008 358 - non-renounceable pro-rata rights issue and additional offer - notice to security holders**

On 30 July 2019 Lithium Consolidated Limited (**Li3** or the **Company**) announced a non-renounceable rights issue to eligible shareholders, on the basis of 1 new fully paid ordinary share for every 4 shares held, at an issue price of \$0.05 per share (**New Shares**), with 1 for 1 free attaching options exercisable at \$0.05 each and expiring on 30 September 2020 (**Attaching Options**), to raise approximately \$1,179,026, based on Li3's undiluted share capital (**Rights Issue**). Assuming no existing options on issue in the Company are exercised, approximately 23,580,531 fully paid ordinary shares and 23,580,531 options will be offered under the Rights Issue.

At the same time, the Company has reserved the right to accept subscriptions from Eligible Shareholders and other investors identified by the Company for additional New Shares up to a maximum value of \$2,000,000. These additional placement Shares will be issued on the same terms as the New Shares issued under the Offer, including with equivalent attaching Options (**Additional Offer**, together with the Rights Issue, the **Offers**). Any issue of New Shares and Attaching Options under the Additional Offer will be subject to Shareholder approval. Assuming no existing options on issue in the Company are exercised, approximately 40,000,000 fully paid ordinary shares and 40,000,000 options will be offered under the Additional Offer.

Southern Cross Financial Pty Ltd and Harbury Advisors Pty Ltd have been appointed the joint Lead Managers for the Offers, and will each be entitled to fees in relation to the Offers, being:

- a \$12,500 (plus GST) retainer fee;
- a selling fee of 7% on all funds raised under the Additional Offer and any shortfall to the Rights Issue by investors introduced by each Lead Manager; and
- 500,000 Options for every \$100,000 raised by each Lead Manager under the Additional Offer and any shortfall to the Rights Issue, on the same terms as the Attaching Options.

The Rights Issue will be available to all registered shareholders who hold shares on 2 August 2019 (**Record Date**) with registered addresses in Australia and New Zealand (**Eligible Shareholders**).

In accordance with the Listing Rules of the ASX, Li3 has considered the number of shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand and the size of the shareholdings held by those shareholders. Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand, the Company has formed the view that it is unreasonable to extend the Rights Issue to those shareholders. Accordingly, shareholders outside of Australia and New Zealand will not be entitled to participate in the Rights Issue.

The purpose of the Rights Issue is to raise approximately \$1,179,026, including the costs of the Rights Issue. The Additional Offer will, if fully subscribed, raise an additional \$2,000,000. The funds raised from the Offers will be used to fund exploration on the Company's projects in Western Australia, Mozambique and Zimbabwe over the next 6-12 months, fund the costs of the Offers, fund ongoing corporate and administration costs and to provide working capital.

A proposed timetable for the Offers is set out in the table below:

Event	Date
Announcement of Offers. Prospectus and Appendix 3B lodged with ASX	30 July 2019 (pre-market open)
Notice of Offers sent to option holders	30 July 2019 (pre-market open)
Notice of Offers sent to shareholders	31 July 2019
Shares commence trading on an ex basis	1 August 2019
Record Date for the Rights Issue (7.00pm Brisbane time)	2 August 2019
Despatch Prospectus to shareholders and entitlement and acceptance form to shareholders and despatch announced to ASX	7 August 2019
Opening date of Offers (9.00am Brisbane time)	7 August 2019
Closing date of Offers (5.00pm Brisbane time)	4 September 2019
Shares commence trading on deferred settlement basis	5 September 2019
Advise ASX of any shortfall	9 September 2019
EGM held to approve issue of New Shares and Attaching Options under the Additional Offer	10 September 2019
Allotment of New Shares under the Offers	10 September 2019
Despatch of holding statements for New Shares and deferred settlement trading ends	11 September 2019
Normal trading of New Shares on ASX begins	12 September 2019

This timetable is indicative only and may be subject to change subject to the requirements of the *Corporations Act 2001 (Cth)* (**Corporations Act**) and the ASX Listing Rules.

The Offers are being made in accordance with section 713 of the Corporations Act. Li3 will prepare and send prospectus to shareholders on 7 August 2019, as set out in the timetable above. The Prospectus has been lodged with ASIC and ASX on 30 July 2019 and is available on the Company's website <https://li3limited.com/> and the ASX website.

### Further information

The Company anticipates that approximately 63,580,531 New Shares will be issued (this number may have to be increased by 1,000,000 New Shares if existing option holders exercise their options and are registered shareholders by the Record Date). The New Shares will be issued for \$0.05 each. The 1 for 1 free Attaching Options will be exercisable at \$0.05 each and will expire on 30 September 2020.

Upon completion of the Offers, and assuming these are fully subscribed and that existing options are not exercised, the issued capital of Li3 will comprise approximately 157,902,653 shares, 73,580,531 options exercisable at \$0.05, 4,000,000 unlisted options exercisable at between \$0.15 and 0.25 each and 5,700,000 performance rights.

The New Shares will rank equally in all respects with Li3's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded up to

the nearest whole number. There will be no change to the dividend policy of the Company as a result of the Rights Issue.

There will be no deferred settlement trading in respect of the New Shares to be issued under the Rights Issue. Trading in the New Shares is expected to commence on 12 September 2019, the first business day following dispatch of the holding statements for the New Shares.

An Appendix 3B applying for quotation of the New Shares was lodged with ASX on 30 July 2019.

Li3 encourages all eligible shareholders to participate in the capital raising.

Yours faithfully

A handwritten signature in black ink, appearing to be 'SP' followed by a stylized flourish.

Shanthar Pathmanathan  
Director  
Lithium Consolidated Limited