



ASX Announcement

ASX: Li3

31 October 2018

SEPTEMBER 2018 QUARTERLY REPORT

- 7 new Zimbabwe lithium exploration assets
- 6 new Mozambique License Applications
- Due Diligence continuing at the Bepe and Kondo Mines in Zimbabwe
- Botswana and South Australia lithium brine licenses relinquished

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

Our portfolio has been substantially restructured by:

- Securing 7 new hard rock lithium assets in Zimbabwe;
- Applying for 6 new Licenses in Mozambique; and
- Relinquishing our lithium brine exploration assets in Botswana and South Australia.

The new assets in Zimbabwe and Mozambique are considered essentially 'brownfield' opportunities based on historical mining of the pegmatites for other minerals such as tantalite and beryl, where the lithium pegmatite targets are visible in surface outcrops and near surface historical mine workings.

Our core focus is to establish a dominant position in hard rock lithium in Zimbabwe and Mozambique.

1. African 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 and applied for six (6) lithium exploration licenses in the Alto Ligonha Pegmatite Province of northern-central Mozambique.

We have targeted globally significant pegmatite hosted tantalite districts in Mozambique and Zimbabwe, given both countries are extensively endowed with Lithium-Caesium-Tantalum ("LCT") pegmatites, where the historical mining of these pegmatites was

generally focused on tantalite (and columbite) and other pegmatitic minerals such as beryl and mica but not for lithium minerals in any significant quantities.

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.

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

1.1. Zimbabwe – exploration projects

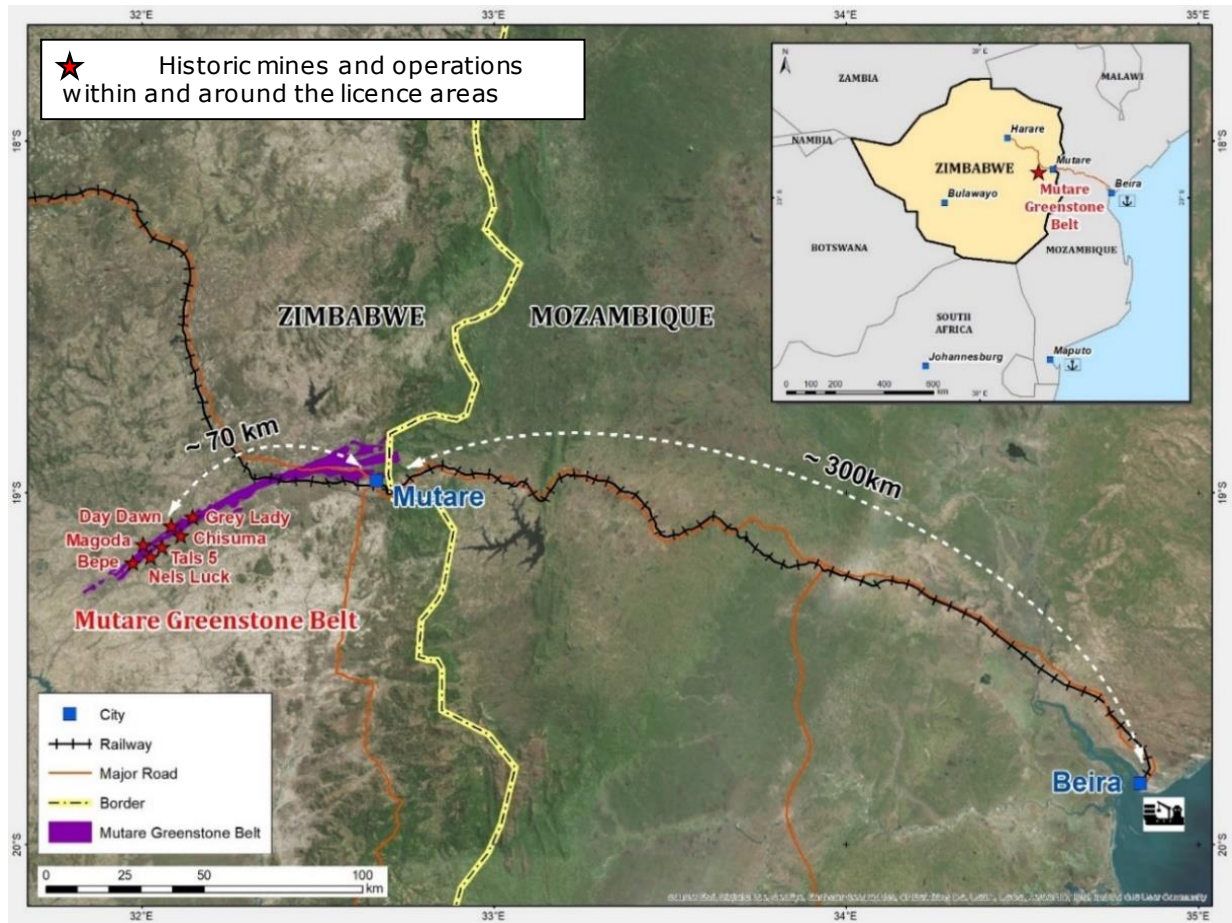
The Company has secured seven (7) lithium exploration assets in the Mutare Greenstone Belt, by applying for 48 new Prospecting Licenses over an area of 2,340 ha, where 29 have been granted.

The Mutare Greenstone Belt 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 and lepidolite mineralized pegmatites, as identified in outcrops and in the historical workings.

The Zimbabwe Assets ideally located and proximal to operational infrastructure. 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.

Figure 1
Mutare Greenstone Belt – Location and Infrastructure



The License areas were selected based on a rigorous due diligence process and 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 Mining Licenses enable rapid development of potentially small-scale production of tantalite concentrate, while the larger-scale lithium resource potential is tested through systematic exploration.

The initial due diligence period was extended by a further three (3) months with effect from 16 October 2018. 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 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.

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

There was no significant exploration activity at TLP in the September 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 11 granted Exploration Licenses and 5 pending Exploration License Applications, covering a total of 747 km².

EL28/2732 was granted on 11 October 2018.

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

4. Botswana Lithium Project

The Company has commenced a process to relinquish its Botswana Licenses following disappointing drilling results.

For further information on the Botswana Licenses, please see our Announcement dated 10 August 2018.

5. Eucla Basin, South Australia, Australia

The Company's South Australian lithium brine project consists of 5 Exploration License Applications which cover a total of 5,680 km² of the Eucla Basin.

There was no exploration activity at the Eucla Basin Project in the September 2018 Quarter.

Subsequent to the end of the September 2018 quarter, the Company has withdrawn its applications for all 5 Exploration Licenses in the Eucla Basin.

A technical review of the Eucla Basin Project indicated that the basin lacks the necessary geological conditions for a lithium brine reservoir formation and the geological potential for a lithium brine resource is low.

The Eucla Basin Project lacks the geological potential to justify the ongoing holding costs.

6. 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.

7. Capital structure

At the end of the quarter, there were 90,499,122 fully paid ordinary Shares, 6.2 million unlisted Options and 7.2 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% (Application)	Western Australia
Dundas Nth	E63/1877	100% (Application)	Western Australia
Esmond NE	E69/3540	100% (Application)	Western Australia
Salmon	E28/2743	100% (Application)	Western Australia
Eucla Basin Project			
Lake Dey Dey	2016/00127	100% (Application)	South Australia
Lake Maurice	2016/00128	100% (Application)	South Australia
Nurrari	2016/00129	100% (Application)	South Australia
Wyola North	2016/00130	100% (Application)	South Australia
Wyola South	2016/00131	100% (Application)	South Australia

Tenement Name	Tenement Number	Lithium Consolidated Interest	Location of Tenements
Botswana Project			
-	263/2016	80%	Botswana
-	264/2016	80%	Botswana
-	265/2016	80%	Botswana
-	266/2016	80%	Botswana
-	267/2016	80%	Botswana
-	268/2016	80%	Botswana
-	269/2016	80%	Botswana
	270/2016	80%	Botswana
Zimbabwe Project*			
Tals 5	Various	100% (granted/apps)	Zimbabwe
Nels Luck	Various	100% (granted/apps)	Zimbabwe
Bepe	Various	100% (granted/apps)	Zimbabwe
Magoda and Magoda North	Various	100% (granted/apps)	Zimbabwe
Day Dawn	Various	100% (granted/apps)	Zimbabwe
Chisuma	Various	100% (granted/apps)	Zimbabwe
Grey Lady	Various	100% (granted/apps)	Zimbabwe

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