



LITHIUM CONSOLIDATED LTD

**(formerly known as
Lithium Consolidated Mineral Exploration Ltd)**

ACN 612 008 358

CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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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.

Corporate Information

Directors and Company Secretary

Mr Brian Moller (Non-Executive 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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Stock Exchange Listing

Australian Securities Exchange Ltd
ASX Code: LI3

Australian Company Number

612 008 358

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Letter from the Chairman

Dear Shareholder

The past year has been a challenging time for exploration and mining companies in the Lithium sector. Against this background, Lithium Consolidated Ltd (**Li3** or the **Company**) has focused much of its activities in the past year on its Western Australian, Mozambique and Zimbabwe portfolio of assets.

In Western Australia, the Company has undertaken an initial drilling program at the Yilgarn Lithium Project which has confirmed the presence of concealed LCT pegmatites in at least 3 Licenses and now has secured 16 Exploration Licenses in the Yilgarn Province of Western Australia, Australia.

In Mozambique, the Company has now secured 5 granted exploration licenses over 31,481 ha, providing a significant land position in the Alto Ligonha Pegmatite Province in northern Mozambique. The intention in the coming year is to focus on 9166L license which has been prioritized for immediate exploration based on a potentially very large interpreted pegmatite which appears to be 1,000m along strike with variable widths of up to 300m.

In Zimbabwe Li3 has established a dominant land position in the Mutare Greenstone Belt in eastern Zimbabwe, holding 8 lithium exploration assets consisting of 59 granted licences covering an area of 1,800 ha and an additional 13 licences under application (an additional 1,003 ha).

Li3 has completed initial grab sampling of the Nels Luck and Bepe pegmatites, with encouraging results of between 1.3% to 8.6% Li₂O, confirming the presence of lithium minerals, including spodumene, at these pegmatites. The Odzi West asset has been prioritized for immediate exploration.

Li3 was able to reach agreement with ASX listed Argosy Minerals Ltd, selling Li3's interest in the Nevada Tonapah claims on terms which affords Li3 exposure to any future upside in the Nevada claims, allowing it to focus on its hard rock Lithium assets in Western Australia, Mozambique and Zimbabwe.

Proceeds from the Entitlement Offer (and Additional Placement) announced on 30 July 2019 Li3 will be applied to fund exploration programs over the next 6-12 months at the higher priority assets in Western Australia, Mozambique and Zimbabwe.

We were delighted to supplement our technical team with the addition of Sally Bevington during the year.

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

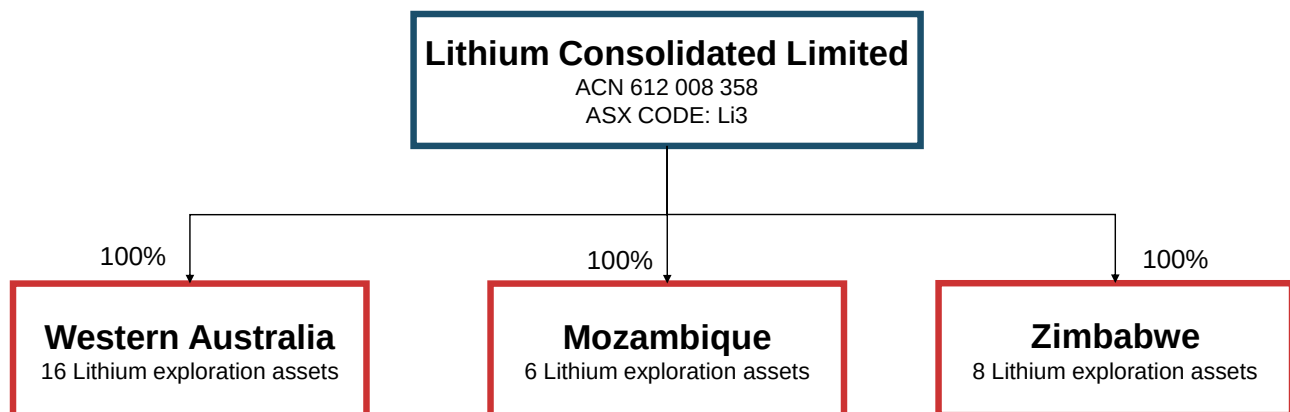
Review of Operations

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

Li3's portfolio consists of:

- 100% of 8 lithium exploration assets in the Mutare Greenstone Belt in Zimbabwe;
- 100% of 6 license applications in the Alto Ligonha Pegmatite Province of northern Mozambique, 5 of which have been granted while 1 application is still pending; and
- 100% of Yilgarn Lithium Project (**YLP**) in Western Australia consisting of 16 Exploration Licenses, including 14 granted Exploration Licenses and 2 Exploration License Applications, covering 747 km².

Figure 1: Company Structure



Note: Ownership in Western Australia Licenses subject to a 2.0% Royalty

Li3 has hard rock lithium assets in the known lithium provinces of Western Australia, Mozambique and Zimbabwe.

Li3 has implemented a multiple assets strategy to provide our shareholders with the greatest exposure to the global growth in demand for lithium.

During FY 2019, Li3 has made substantial progress in securing the grant of, multiple, significant lithium exploration assets in Western Australia, Mozambique and Zimbabwe.

Li3's Yilgarn Lithium Project is in Western Australia, which is the largest and most active lithium province globally and with a dominant share of global hard rock lithium production. The YLP hard rock lithium targets are in extensions of known lithium pegmatite belts, in deeply weathered and shallowly covered areas of Archean Yilgarn Craton. The Phase 1 drilling at the Yilgarn Lithium Project has confirmed the presence of concealed LCT pegmatites in 3 of the Licenses.

The African lithium provinces are characterised by at-or-near surface Lithium-Caesium-Tantalum (**LCT**) pegmatites, which are visible in outcrops and/or historical workings. Many of the pegmatites in Africa have been mined for columbo-tantalite, tin, and gemstones, but largely unexplored and under-explored for lithium.

The current exploration maturity in Mozambique and Zimbabwe is similar to that which existed in the Pilbara and Yilgarn Craton pegmatites of Western Australia, approximately 10 years or so ago, before modern lithium-focused exploration.

Li3's high priority assets in each lithium province, includes:

- Dundas, Bedonia and Junction in Western Australia;
- 9166L in Mozambique; and
- Odzi West in Zimbabwe.

Review of Operations

The Company's strategy is to:

- develop a globally significant portfolio of hard rock lithium exploration assets and potential, future lithium mines;
- immediately undertake exploration at our higher priority assets in Western Australia, Mozambique, and Zimbabwe; and
- pursue acquisition opportunities.

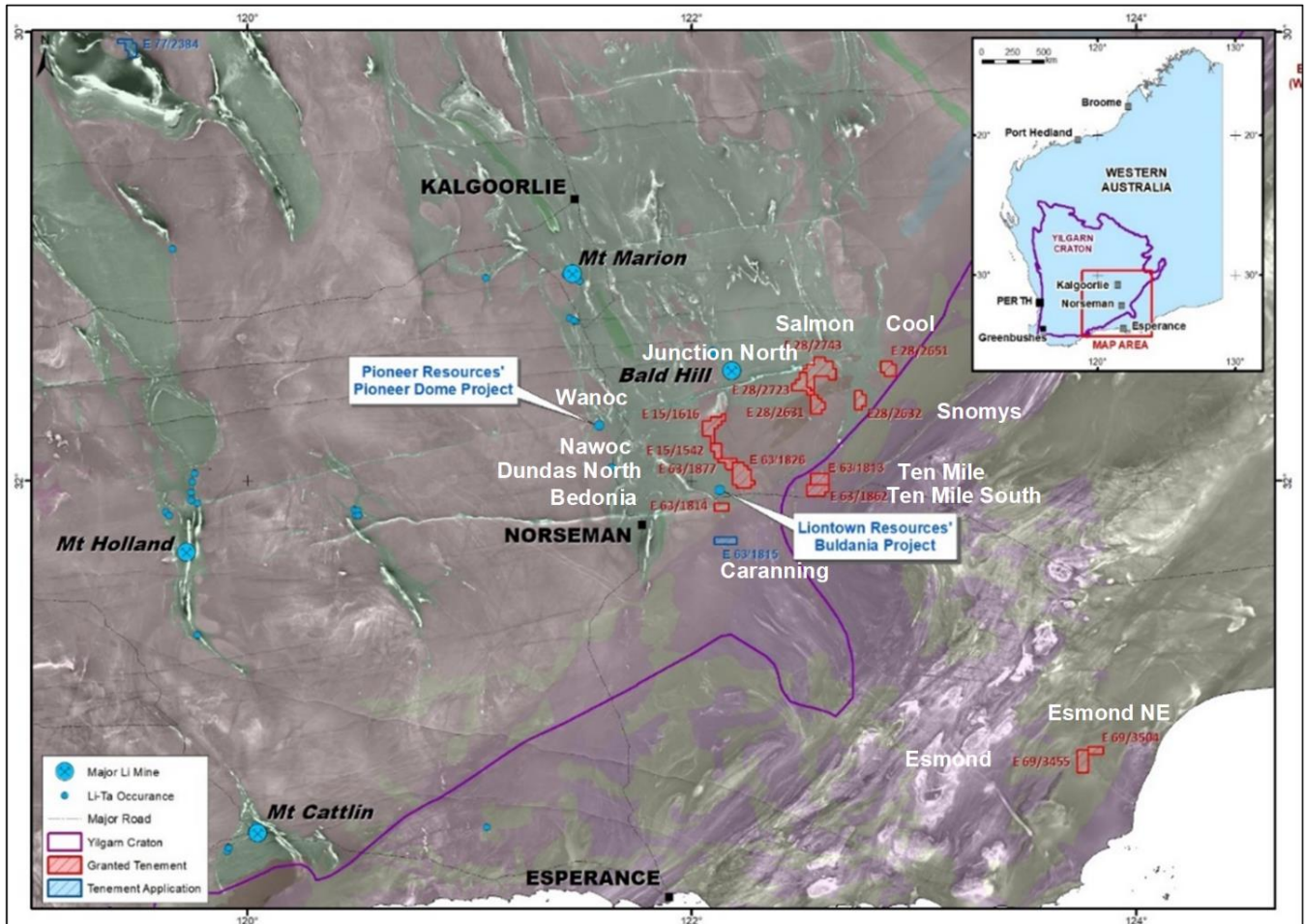
Western Australia

The Yilgarn Lithium Project (YLP) is a hard-rock lithium project located in the Yilgarn Province of Western Australia, Australia comprising 16 Exploration Licences, including 14 granted Exploration Licences and two (2) pending Exploration License Applications, covering 747 km².

The YLP licences are in:

- extensions of known lithium-fertile belts, and what are believed to be new previously unrecognised belts, both which are close to "fertile" granites considered to be the sources of the LCT pegmatites in the region;
- deeply weathered and shallowly covered areas of Archean Yilgarn Craton which have the potential to host hard rock spodumene (lithium mineral) bearing pegmatite mineralisation, similar to that found at Greenbushes, Mt Marion and Mt Holland; and
- geologically favourable zones displaying high prospectivity for LCT pegmatites, over areas with potential to host shallow, concealed LCT pegmatites that were overlooked in the early tantalum boom of the 1960s and the current Yilgarn lithium exploration and mine development activity.

Figure 2: Regional Location of YLP Licences



Review of Operations

Exploration Activity

There were no exploration activities at YLP during FY2019.

A Phase 1 exploratory drilling program, consisting of shallow aircore drilling was completed at YLP, in FY2018 (see ASX Announcement dated 6 April 2018).

The results indicate the presence of Lithium-Caesium-Tantalum (LCT) pegmatites, in deeply weathered rocks and under cover within three (3) of the 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 Snomys.

Land Management

YLP consists of 16 Exploration Licenses, including 14 granted Exploration Licenses and two (2) pending Exploration License Applications, covering 747 km².

During FY 2019, four (4) exploration licenses were granted, including E28/2732, E28/2743, E63/1877 and E69/3540.

Mozambique

The Company has established a significant land position in the Alto Ligonha Pegmatite Province in northern Mozambique through the ownership of five (5) exploration licenses over an area of 31,481ha.

Li3 is the first ASX-listed company to enter Mozambique for hard-rock lithium in an area where pegmatites were historically exploited for their beryl, rare-earth minerals and gemstones making the country the second largest beryl producer in the world during the 1960's.

The Alto Ligonha Pegmatite Province (**ALPP**) encompasses most pegmatites within Mozambique.

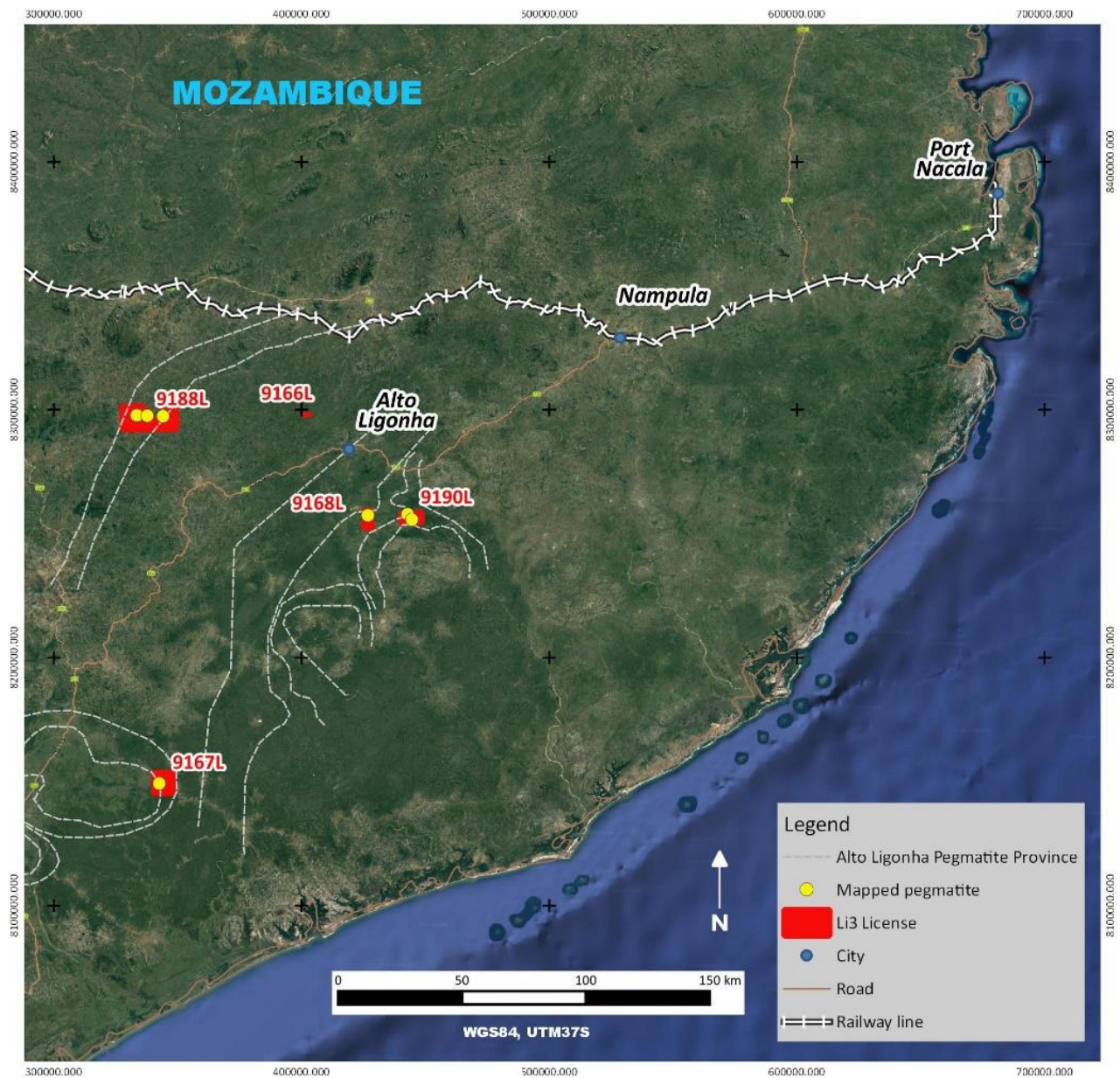
Outcropping pegmatites are interpreted in our five (5) licenses and have potential for extensions at shallow depths, which may be confirmed through modern lithium-focussed exploration.

The Mozambique assets include:

- **9166L:** extensive artisanal workings were identified from the satellite imagery. The spectral response from the satellite imagery indicates the potential for a large pegmatite body to be present underneath the extensive workings.
- **9167L:** At least nine (9) tracts of artisanal workings have been identified within this license which is located within the southwestern part of the ALPP pegmatite field. Pegmatites within this area have been described as containing gem beryl (aquamarine), columbite-tantalite, tourmaline and rare-earth minerals. The Murrule-Nigule pegmatite has been recorded within the licence area.
- **9168L:** This License is located within the highly prospective Alto Ligonha Pegmatite field and contains four (4) tracts of artisanal workings, three (3) of which are located on recorded pegmatites comprising the Ingela pegmatite cluster, which is recorded as containing beryl and tantalite-columbite series minerals. No lithium minerals have been reported historically from these pegmatites.
- **9188L:** This asset is located in the northern part of the ALPP pegmatite field with three (3) mapped pegmatites within the license boundaries, Guilherme, Malapa and Muetia. Numerous scattered tracts of artisanal workings have been identified from the satellite imagery, around these pegmatites, which have been interpreted as clusters of pegmatite bodies.
- **9190L:** This license is located in the Alto Ligonha Pegmatite field and contains the recorded Piteia and Nahia-laia pegmatites. Piteia reportedly contains beryl and lithium minerals while beryl and columbite-tantalite minerals are contained within the Nahia-laia pegmatite. Numerous artisanal workings are present over both pegmatites.

Review of Operations

Figure 3: Location plan of the Mozambique assets over Google imagery



Note: Additional Licenses under application for new areas of interest are not shown on this map.

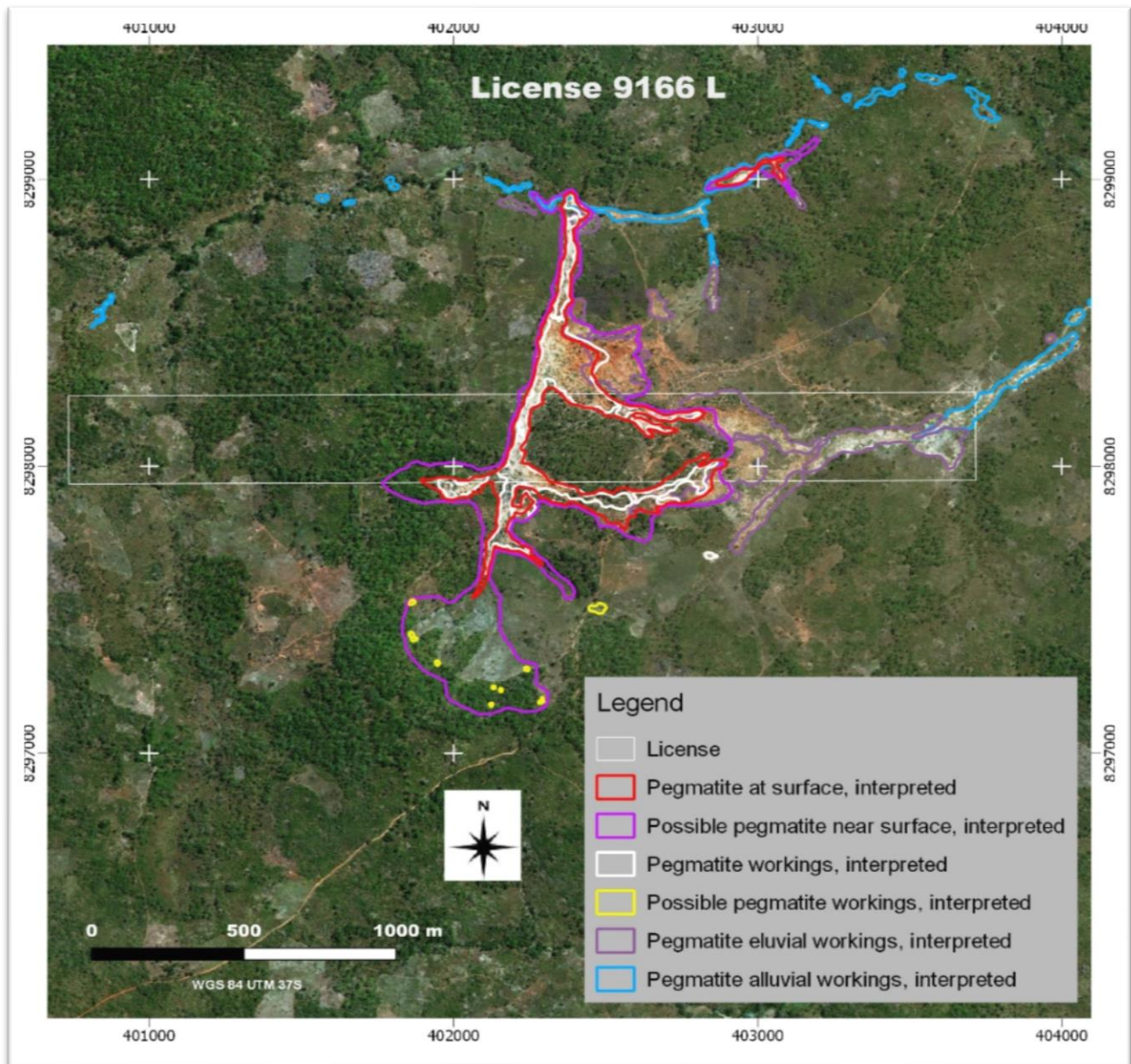
High Priority Asset: 9166L

The 9166 L License has been prioritized for immediate exploration based on extensive artisanal workings over a potentially large pegmatite, which has been interpreted based on detailed spectral analysis of satellite imagery over this area.

The interpreted pegmatite is potentially over 1,000m along strike with variable widths of up to 300m being observed. Note that the observed widths do not represent the true width of the pegmatite.

Review of Operations

Figure 4: Interpreted pegmatite and associated workings within license 9166L shown over ESRI satellite imagery



Infrastructure

Northern Mozambique has well-developed infrastructure for mining. The Mozambique Licenses are in close proximity to the Mocuba – Nampula main road, a sealed, all weather road. The recently upgraded Nacala railway corridor connects Nampula to the natural deep-water port of Nacala, which is the principal port for the export of coal from mining operations at Moatize.

Exploration Activities

There were no exploration activities at the Mozambique Assets in FY2019.

However, there has been considerable historical mining and exploration activities at the pegmatites in the ALPP. Mining of the pegmatites in northern Mozambique commenced in 1926 and continued for several decades with the country becoming the world's second largest producer of beryl, and contributing significantly to lithium, niobium and tantalum production in the 1960's.

Li3 will commence exploration activities in Mozambique in the first quarter of FY2020, focussing initially on the 9166L License.

Review of Operations

Field mapping and rock chip sampling of the outcrops and historical workings will also be conducted over the other four license areas. A Phase 1 drilling program would then be implemented based on the results of the geochemical sampling program at the most prospective Licenses.

Land Management

During FY2019, Li3 was granted five (5) lithium exploration licenses in the Alto Ligonha Pegmatite Province of central-northern Mozambique, covering an area of 31,481ha (314.8km²).

Zimbabwe

Li3 has established a dominant land position in the Mutare Greenstone Belt in eastern Zimbabwe, through eight (8) lithium exploration assets consisting of a total of 72 Licenses over an area of 2,803ha, where 59 have been granted (1,800ha) and the remainder are pending grant.

Li3 is one of the first ASX-listed companies to enter Zimbabwe for hard-rock lithium despite Zimbabwe being a known lithium province and ranked as the fifth largest lithium producer globally, based on production from a single mine, the Bikita mine.

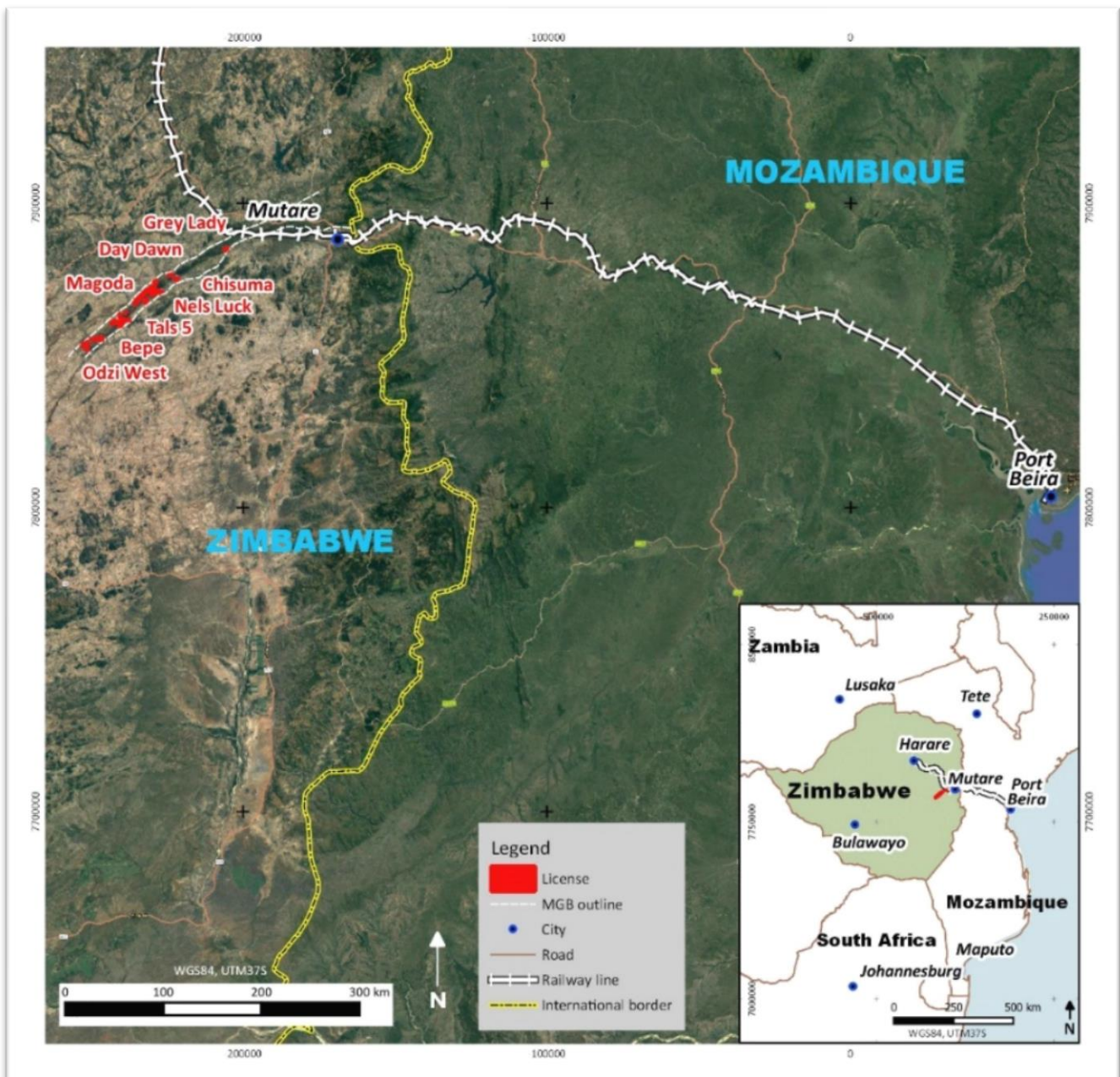
The Mutare Greenstone Belt is believed to be highly prospective for pegmatite hosted lithium deposits based on historical information and recent image analysis, in which flat-lying pegmatites with potential for open-pit mining were interpreted.

The Zimbabwe assets include:

- **Odzi West:** The pegmatites in this asset were historically mined for beryl and tantalite, and petalite and spodumene have been documented as being present. 22 licenses cover this area at the south-western end of the Mutare Greenstone Belt in which at least seven (7) clusters of artisanal workings can be observed from the satellite imagery.
- **Nels Luck:** Eight (8) licenses cover outcropping and sub-outcropping pegmatites. The main pegmatite contains a discontinuous quartz core bordered by zones of cleavelandite with tantalite, lepidolite and zinnwaldite float. Spodumene has been identified in the area from grab samples collected. There are a number of artisanal workings in the project area.
- **Bepe:** Spodumene and petalite bearing pegmatites in the Bepe area were historically mined for tantalite, beryl and other pegmatite minerals. 15 licenses cover portions of these historic workings as well as interpreted extensions of the mined pegmatites.
- **Chisuma:** Six (6) licenses cover the interpreted pegmatites which have been partially exposed through artisanal workings throughout the project area.
- **Day Dawn:** Four (4) licenses cover scattered artisanal workings which appear to be focussed on interpreted pegmatite exposures.
- **Grey Lady:** The six (6) licenses cover a historic beryllium mine with reported lithium mica, lepidolite and zinnwaldite observed in the associated pegmatites.
- **Magoda:** Eight (8) licenses cover historic workings along the identified trend in this asset.
- **Tals 5:** A single license covers a cluster of shallow pits in which beryl was historically mined from the exposed pegmatite which is potentially of the Complex LCT type.

Review of Operations

Figure 5: Location plan of the Zimbabwe assets over Google imagery



High Priority Asset: Odzi West

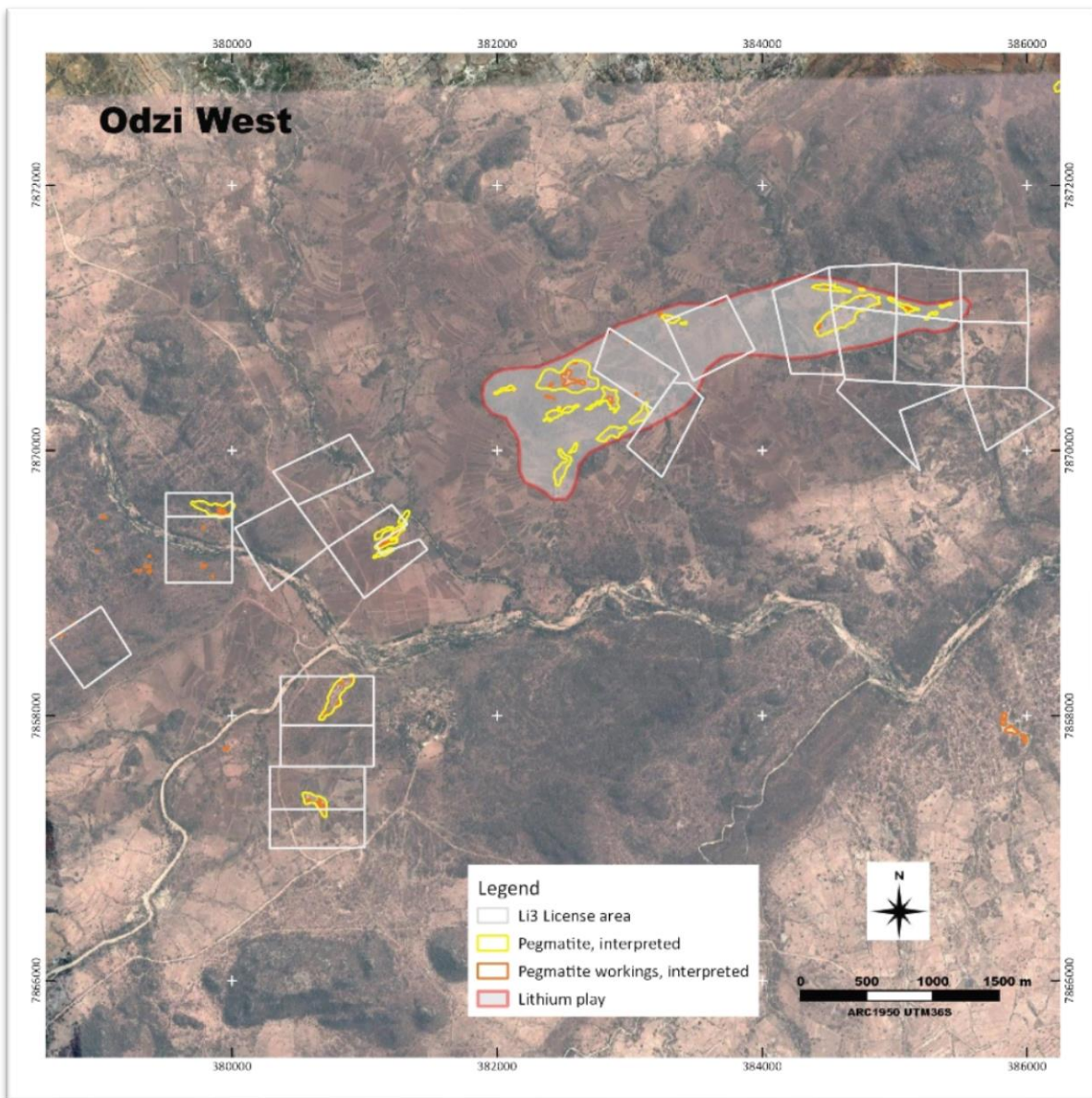
The Odzi West asset has been prioritized for immediate exploration in Zimbabwe based on historical observations of spodumene at surface and the increased potential for flat-lying pegmatites for future open-pit mining.

At least seven (7) clusters of artisanal workings have been interpreted from satellite imagery with spodumene having been recorded historically in the beryl and tantalite workings.

The Odzi West area is particularly significant due to the increased potential for flat-lying, near surface sheet-like configuration of the interpreted pegmatites, for future open-pit mining.

Review of Operations

Figure 6: Interpreted pegmatite and pegmatite workings within the larger pegmatite play within the Odzi West license area (shown over Google imagery)



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.

Exploration Activities during FY2019

Li3 completed the following exploration activities:

- compilation of all available historical information as well as spectral analysis of ESRI portal satellite imagery;
- field reconnaissance of all of the Zimbabwe assets, which confirmed the presence of LCT pegmatites in four (4) of the assets; and
- initial grab sampling of the Nels Luck and Bepe pegmatites, with encouraging results of between 1.3% to 8.6% Li₂O, confirming the presence of lithium minerals, including spodumene, at these pegmatites.

Review of Operations

The Odzi West asset has been prioritized for immediate work during the upcoming FY2020 exploration program in Zimbabwe.

Land Management

Li3 has eight (8) lithium exploration assets consisting of a total of 70 Licenses over an area of 2,803 ha, where 59 have been granted (1,800 ha) and the remainder are pending grant.

There are an additional two (2) Licenses, under application, covering an area of 155ha, in the Mutoko District in eastern Zimbabwe.

During FY 2019, Li3 was granted 30 Prospecting Licenses to consolidate our position over key lithium pegmatite targets.

Nevada

The Company has sold its 80% interest in the Tonopah Lithium Project in the Clayton Valley, in West Central Nevada, in the United States of America, to ASX listed Argosy Minerals Ltd.

Directors' Report

The directors submit their report on the consolidated entity ("Group") consisting of Lithium Consolidated Ltd and the entities it controlled at the end of, and during, the financial period ended 30 June 2019.

Directors

The following persons were directors of Lithium Consolidated 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

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 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*
- Agui Resources Limited (resigned 14 June 2019)
- Platina Resources Ltd*
- Solgold PLC*^

**denotes current directorship*

^denotes listed on the Toronto Stock Exchange and 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 16 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.

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

Directors' Report

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 27 years and is currently Chief Executive Officer and Managing Director of AIM listed 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 chairman of the Audit & Risk Management Committee.

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.

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 (\$0.15 @ 31-Dec-21)	Unlisted Options (\$0.05 @ 30-Sep-20)	Unlisted Performance Rights
B. Moller	2,162,500	-	132,500	-
S. Pathmanathan	3,295,938	2,000,000	659,188	5,000,000
V. Mascolo	1,050,000	-	-	-

Principal Activities

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

Corporate

Lithium Consolidated Ltd was incorporated as an Australian proprietary company limited by shares on 22 April 2016 (originally named Lithium Consolidated Mineral Exploration Pty Ltd). It converted to a public company on 18 November 2016. The Company completed a successful Initial Public Offering (raising \$5,321,299) and was admitted to the ASX on 27 March 2017.

Directors' Report

The Company changed its name from Lithium Consolidated Mineral Exploration Ltd to Lithium Consolidated Ltd on 28 November 2018.

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.

Operating Results

The Group's operating loss for the financial year was \$5,272,868 (2018: \$1,707,228). Exploration and evaluation expenditure before the impairment during the year totalled \$301,997 (2018: \$809,856). The increased loss was caused principally by:

- General corporate and administrative expenses (\$416,907);
- Employee benefits expense (\$460,770);
- Business Development (\$111,236);
- Exploration assets impairment (\$3,775,024);
- Exploration expenses (\$230,366);
- Legal expenses (\$66,552); and
- Share-based payments (\$242,779).

Review of Financial Condition

Capital Structure

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.

During the year ended 30 June 2019, the following shares were issued:

- 173,000 shares were issued for nil consideration on 5 December 2018 to consultants of the Company for services rendered; and
- 150,000 shares were issued for nil consideration upon exercise of performance rights on 5 December 2018.

During the year ended 30 June 2019, the following performance rights and options were issued:

- 346,000 options were granted to consultants for nil consideration. The options vested on grant date, with an exercise price of \$0.25 and expire on 5 December 2020;
- 2,000,000 options which have various vesting conditions were granted to a director for nil consideration. The options have an exercise price of \$0.15 and expire on 31 December 2021;
- 173,000 performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to consultants for nil consideration on 5 December 2018; and
- 2,000,000 performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to a director for nil consideration on 5 December 2018.

During the year ended 30 June 2019, 4,500,000 options expired.

As at 30 June 2019 the Company had 90,822,122 ordinary shares, 9,200,000 performance rights and 4,000,000 options on issue.

Directors' Report

Financial Position

At 30 June 2019, the Group's net assets totalled \$935,822 (2018: \$5,965,912) which included cash assets of \$298,125 (2018: \$1,948,081). The movement in net assets largely resulted from the following factors:

- Exploration assets impairment of \$3,775,024;
- Operating losses other than the exploration assets impairment of \$1,497,844;
- Cash outflows from operating activities of \$1,339,804; and
- Cash outflows on exploration and evaluation assets of \$306,968.

Throughout the year the Group focussed on:

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

The Group's working capital, being current assets less current liabilities has decreased from \$1,781,622 in 2018 to \$222,030 in 2019.

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 1 July 2019, 3,500,000 performance rights held by directors and senior management vested and were exercised in to 3,500,000 ordinary shares.

On 8 July 2019 the Company announced the grant of nine new Prospecting Licenses in eastern Zimbabwe at the highly prospective Odzi West project and at the Chisuma project. The Company has established a dominant land position in eastern Zimbabwe through a total of 72 licenses over an area of 2,958 ha, where 59 have been granted (1,800 ha) and the remainder are pending grant.

On 9 July 2019 the Company also announced it has been granted three new lithium exploration licenses in the Alto Ligonha Pegmatite Province in northern Mozambique. The three newly granted licenses are in addition to the two licenses which were granted on 25 March 2019. The Company now holds a total of five licenses over an area of 31,481 ha (314.8 km²) in the Alto Ligonha Pegmatite Province in Mozambique.

On 30 July 2019 the Company announced a non-renounceable entitlement offer to eligible shareholders of one new fully paid ordinary share for every four shares held at an issue price of \$0.05 per share, together with one free attaching unlisted option exercisable at \$0.05 each and expiring on 30 September 2020 for every new share allotted, to raise approximately \$1,179,026 (before costs).

Directors' Report

At the same time, the Company reserved the right to accept subscriptions from eligible shareholders and other investors identified by the Company up to a maximum value of \$2,000,000 on the same terms and conditions as the entitlement offer. Shareholder approval was received for the additional shares and attaching options at an Extraordinary General Meeting convened on 11 September 2019.

On 19 September 2019, the Company issued a total of 29,734,064 shares and 29,734,064 options (\$0.05 @ 30-Sep-20) to raise a total of \$1,486,703 (before costs), comprising:

- \$148,086 from the entitlement offer (2,961,713 shares and 2,961,713 options); and
- \$1,338,617 from the additional offer (26,772,351 shares and 26,772,351 options).

A further 6,693,088 options (\$0.05 @ 30-Sep-20) were issued as part of the fee to the Lead Managers of the additional offer.

On 14 August 2019, the Company announced it had entered into a binding agreement with Argosy Minerals Limited (**Argosy**) (the **Agreement**) to sell the Company's Tonopah Lithium Project (**TLP**) (located in the Clayton Valley, West Central Nevada, in the United States of America) for an upfront cash payment and an additional milestone payment upon definition of a JORC compliant lithium reserve at TLP (the **Sale**). Big Smokey Exploration LLC, ProspectOre LLC, and ProspectOre Inc., companies which are associated with Mr Gordon Addie (together, the **Addie Group**), are also parties to the Agreement (which, together with the Company, are the **Vendors**).

Argosy exercised its option and completed the Sale under the Agreement resulting in Argosy acquiring a 100% interest in the TLP for a total purchase price of up to approximately A\$585,000¹ split between the Vendors, which consists of a cash payment upon completion and a further milestone-based payment.

The key terms of the Agreement included:

1. Argosy paying an option fee of US\$10,000.00.
2. The purchase price consisting of an upfront cash payment of US\$50,000, payable at completion and a further milestone payment of A\$500,000.00 payable upon Argosy announcing:
 - a. a JORC Code-compliant Ore Reserve (as defined in the JORC Code) of at least one million tonnes of lithium carbonate equivalent product at TLP; or
 - b. the commencement of commercial production of lithium product at TLP.
3. The proceeds of the Sale will be allocated in equal portions to Li3 and the Addie Group.
4. Argosy paid the renewal cost for maintaining the Mining Claims on or before 1 September 2019. The Sale was completed on 11 September 2019.

Other than the matters 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.

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

¹ US\$ amounts have been converted at a rate of US\$0.70/ A\$

Directors' Report

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 Australia, Zimbabwe and Mozambique 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 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.

Directors' Report

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, Zimbabwe and Mozambique.

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 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
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.

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.

Directors' Report

Remuneration Report (Audited) (Continued)

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.

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 inclusive of superannuation (from ASX listing date, being 27 March 2017);
- Leave Entitlements: 20 working days of annual leave; 10 working days of personal leave and long service leave in accordance with the applicable legislation in the Position Location.
- 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.

Following a review by the board, the based remuneration for Mr Pathmanathan was increased to \$240,000 per annum inclusive of superannuation effective from 1 October 2018. He was also issued an additional 2.0m performance rights and 2.0m options.

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

Directors' Report

Remuneration Report (Audited) (Continued)

Remuneration Details of Key Management Personnel

The remuneration of the key management personnel of Lithium Consolidated Ltd for the years ended 30 June 2019 and 30 June 2018 were as follows:

Year Ended 30 June 2019:

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	60,000	-	-	-	18,661	78,661	23.7%	23.7%
S. Pathmanathan	207,763	-	19,737	-	159,701	387,201	41.2%	41.2%
V. Mascolo	40,000	-	-	-	18,661	58,661	31.8%	31.8%
D. Cornish	120,000	-	-	-	18,776	138,776	13.5%	13.5%
Total	427,763	-	19,737	-	215,798	663,298		

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 percentage of equity based remuneration for persons who were key management personnel of the Group during the year ended 30 June 2019 is set out below:

Key Management Personnel	Proportion of Remuneration	
	Equity Based	Salary and Fees
B. Moller	23.7%	76.3%
S. Pathmanathan	41.2%	58.8%
V. Mascolo	31.8%	68.2%
D. Cornish	13.5%	86.5%

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.

Options Held by Key Management Personnel

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2019 were as follows:

Key Management Personnel	Balance at 1 July 2018	Granted as Compensation	Exercised	Expired	Balance at 30 June 2019	Total Vested 30 June 2019	Total Vested and Exercisable 30 June 2019
B. Moller	-	-	-	-	-	-	-
S. Pathmanathan	-	2,000,000	-	-	2,000,000	-	-
V. Mascolo	1,000,000	-	-	1,000,000	-	-	-
D. Cornish	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000

Options Granted as Remuneration

2,000,000 options were granted to Shanthar Pathmanathan in December 2018. The options have a market-based performance vesting condition and expire on 31 December 2021.

The weighted average fair value of options granted during the period was 2.71 cents. The fair values at grant date were determined by taking into account the share price at issue 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.

Directors' Report

Remuneration Report (Audited) (Continued)

The inputs used to value the options granted were as follows:

- Issue date: 5 December 2018
- share price at issue date: 6.0 cents
- exercise price: 15 cents
- expected volatility: 101.75%
- expected dividend yield: nil
- risk free rate: 2.10%

The options have a market-based performance vesting condition. Considered the impact of the condition and the likelihood that the conditions will be achieved, the fair value of options is discounted and valued at \$16,260 in total. The value of the options has been spread over the period to 31 December 2021, being the last vesting date on options.

Performance Rights Held by Key Management Personnel

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2019 were as follows:

Key Management Personnel	Balance at 1 July 2018	Granted as Compensation	Exercised	Expired	Balance at 30 June 2019	Total Vested 30 June 2019	Total Vested and Exercisable 30 June 2019
B. Moller	500,000	-	-	-	500,000	500,000	500,000
S. Pathmanathan	5,000,000	2,000,000	-	-	7,000,000	2,000,000	2,000,000
V. Mascolo	500,000	-	-	-	500,000	500,000	500,000
D. Cornish	500,000	-	-	-	500,000	500,000	500,000

Performance Rights Granted as Remuneration

2,000,000 performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to Shanthar Pathmanathan in December 2018. The undiscounted value of the performance rights granted was 6.0 cents, being the share price at issue date. The fair values at issue date were by assessing the likelihood that the performance conditions will be achieved. The fair value of the performance rights after discount totalled \$56,400 and has been spread over the period to 31 December 2021, being the last vesting date on the performance rights.

Shares Held by Key Management Personnel

Details of shares held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2019 were as follows:

Key Management Personnel	Balance at 1 July 2018	Granted as Compensation	Other Changes	Balance at 30 June 2019
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

Directors' Report

Remuneration Report (Audited) (Continued)

Other transactions with Key Management Personnel

There have been no other transactions with key management personnel during the year ended 30 June 2019.

End of Remuneration Report (Audited)

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
13-Oct-16	31-Dec-19	\$0.20	1,000,000
29-Jun-18	29-Jun-20	\$0.25	654,000
5-Dec-18	31-Dec-20	\$0.25	346,000
5-Dec-18	31-Dec-21	\$0.15	2,000,000
TOTAL			4,000,000

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	3,000,000
31-Oct-16	72 months from Issue Date	n/a	200,000
29-Jun-18	10-Jan-21	n/a	327,000
5-Dec-18	31-Dec-21	n/a	2,000,000
5-Dec-18	10-Jan-2021	n/a	173,000
TOTAL			5,700,000

Directors' Report

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
S. Pathmanathan	7	7	2	2
V. Mascolo	7	7	2	2
B. Moller	7	7	2	2

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Lithium Consolidated 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, to a total amount of \$9,045 (2018: 18,969), being \$3,045 for tax consulting on Zimbabwean projects and \$6,000 for preparation of income tax return and tax compliance.

Directors' Report

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.

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long, sweeping tail stroke.

Shanthar Pathmanathan
Director

24 September 2019
Brisbane, Queensland

Auditor's Independence Declaration



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

As lead auditor of Lithium Consolidated Limited for the year ended 30 June 2019, 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 Company Name and the entities it controlled during the period.

A handwritten signature in black ink that reads 'T J Kendall'. The signature is written in a cursive, flowing style.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 24 September 2019

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 20 September 2019.

(a) Distribution of equity securities

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

	Ordinary Shares		Unlisted Options (\$0.20 @ 31-Dec-19)	
	No. Holders	No. Shares	No. Holders	No. Options
1 - 1,000	13	4,100	-	-
1,001 - 5,000	62	229,575	-	-
5,001 - 10,000	194	1,741,327	-	-
10,001 - 100,000	444	15,918,780	-	-
100,001 and over	139	106,162,404	1	1,000,000
Total	852	124,056,186	1	1,000,000

	Unlisted Options (\$0.25 @ 29-Jun-20)		Unlisted Options (\$0.25 @ 5-Dec-20)	
	No. Holders	No. Options	No. Holders	No. Options
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	1	69,200
100,001 and over	3	654,000	2	276,800
Total	3	654,000	3	346,000

	Unlisted Options (\$0.15 @ 31-Dec-21)		Unlisted Options (\$0.05 @ 30-Sep-20)	
	No. Holders	No. Options	No. Holders	No. Options
1 - 1,000	-	-	9	5,345
1,001 - 5,000	-	-	53	140,146
5,001 - 10,000	-	-	26	190,099
10,001 - 100,000	-	-	45	2,388,705
100,001 and over	1	2,000,000	52	33,702,857
Total	1	2,000,000	185	36,427,152

	Performance Rights	
	No. Holders	No. Perf. Rights
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 and over	5	5,700,000
Total	5	5,700,000

There are 283 shareholders holding less than a marketable parcel of 10,204 shares.

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	20.0%
2	MR NAIM ROYDEN JONES	8,326,676	6.7%
3	BIG SMOKEY EXPLORATION LLC	3,378,320	2.7%
4	SHANTHAR PATHMANATHAN	2,545,938	2.1%
5	MR AJAIB SINGH DHILLON	2,490,000	2.0%
6	MR PATMINDERJIT SINGH MHANSINGH	2,400,000	1.9%
7	ROMARDO GROUP PTY LTD	2,250,000	1.8%
8	BNP PARIBAS NOMINEES PTY LTD	2,147,286	1.7%
9	NETWEALTH INVESTMENTS LIMITED	2,022,304	1.6%
10	NETWEALTH INVESTMENTS LIMITED	2,000,000	1.6%
11	MR SUKHDEEP SINGH JESSY	1,877,006	1.5%
12	MR JUSTIN TAHERI-CHIVERS	1,800,000	1.5%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,709,585	1.4%
14	MR DAVID GREGORY CARTER	1,611,363	1.3%
15	MR WILLIAM JEAN GLITSOS	1,556,846	1.3%
16	MS EMMA FAIRHURST	1,500,000	1.2%
17	STANBURGH PTY LTD	1,500,000	1.2%
18	MR KAI BIN KOH	1,400,000	1.1%
19	MS HARPREET KAUR DO DALJIT SINGH	1,325,000	1.1%
20	HANDS ON JOINERY PTY LTD	1,250,000	1.0%
	Top 20 total	67,915,324	54.7%
	Total shares on issue	124,056,186	100.0%

Shareholder Information

(c) Substantial Shareholders

The Company has received the following substantial shareholder notices:

Name of Shareholder	Ordinary Shares	% of total Shares
Mr Naim Royden Jones	5,828,291	6.4%

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

Name of Shareholder	Ordinary Shares	% of total Shares
Australian Consolidated Venture Capital Pty Ltd	24,825,000	20.0%
Mr Naim Royden Jones	8,326,676	6.7%

(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 no 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 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	Granted	100%	Western Australia
Dundas Nth	E63/1877	Granted	100%	Western Australia
Esmond NE	E69/3540	Granted	100%	Western Australia
Salmon	E28/2743	Granted	100%	Western Australia
Tals 5	Various	Granted	100%	Zimbabwe*
Nels Luck	Various	Granted	100%	Zimbabwe*
Bepe	Various	Granted	100%	Zimbabwe*
Magoda and Magoda North	Various	Granted/Application	100%	Zimbabwe*
Day Dawn	Various	Granted	100%	Zimbabwe*
Chisuma	Various	Granted	100%	Zimbabwe*
Grey Lady	Various	Granted	100%	Zimbabwe*
Odzi West	Various	Granted/Application	100%	Zimbabwe*
License 9167 L	9167L	Granted	100%	Mozambique
License 9190 L	9190L	Granted	100%	Mozambique
License 9166 L	9166L	Granted	100%	Mozambique
License 9168 L	9168L	Granted	100%	Mozambique
License 9188 L	9188L	Granted	100%	Mozambique

*Note: the 8 Zimbabwe projects are comprised of a total 72 prospecting licences, of which 59 have been granted.

Corporate Governance Statement

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

Lithium Consolidated Ltd's Corporate Governance Statement (which can be found on the Company's website www.li3limited.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;
- 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.

Corporate Governance Statement

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 2019, the number of men and women in the whole organisation is as follows:

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

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 2019.

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.

Corporate Governance Statement

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 HopgoodGanim Lawyers, a material professional advisor to the Company

Lithium Consolidated 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 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:

Name	Term in Office
Shanthar Pathmanathan	2 years, 11 months
Vincent Mascolo	3 years, 4 months
Brian Moller	2 years, 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.

Corporate Governance Statement

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.

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.

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.

Corporate Governance Statement

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.

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.

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

Corporate Governance Statement

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.

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 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 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.

Corporate Governance Statement

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 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 2019

	Note	30 June 2019 \$	30 June 2018 \$
Revenue	2	12,455	47,169
Business Development		(111,236)	(269,665)
Corporate and administrative expenses	3	(416,907)	(377,776)
Depreciation	9	(653)	-
Employee benefits expense	3	(460,770)	(470,103)
Exploration expenses		(230,366)	(102,378)
Foreign exchange loss		18,964	7,504
Impairment of exploration assets	8	(3,775,024)	(77,206)
Legal expenses		(66,552)	(110,319)
Share-based payments	19	(242,779)	(354,454)
Loss before income tax expense		(5,272,868)	(1,707,228)
Income tax expense	4	-	-
Loss for the period		(5,272,868)	(1,707,228)
Other comprehensive income			
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		(5,272,868)	(1,707,228)
Loss for the period attributable to:			
Owners of the parent company		(5,272,292)	(1,707,066)
Non-controlling interests		(576)	(162)
		(5,272,868)	(1,707,228)
Total comprehensive income for the period attributable to:			
Owners of the parent company		(5,272,292)	(1,707,066)
Non-controlling interests		(576)	(162)
		(5,272,868)	(1,707,228)
Loss per share attributable to owners of the parent company		Cents	Cents
Basic and diluted earnings per share	15	(5.8)	(1.9)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	5	298,125	1,948,081
Trade and other receivables	6	14,762	19,554
Prepayments	7	-	3,834
Total Current Assets		312,887	1,971,469
NON-CURRENT ASSETS			
Plant & equipment	9	2,529	-
Exploration and evaluation assets	8	711,263	4,184,290
Total Non-Current Assets		713,793	4,184,290
TOTAL ASSETS		1,026,679	6,155,759
CURRENT LIABILITIES			
Trade and other payables	10	90,857	189,847
Total Current Liabilities		90,857	189,847
TOTAL LIABILITIES		90,857	189,847
NET ASSETS		935,822	5,965,912
EQUITY			
Issued capital	11	8,965,067	8,945,687
Reserves	12	667,057	681,108
Accumulated losses		(8,695,557)	(3,660,715)
Equity attributable to owners of the parent company		936,567	5,966,080
Non-controlling interests		(745)	(168)
TOTAL EQUITY		935,822	5,965,912

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2019

	Note	Attributable to Owners of Parent Company			Non-controlling Interests	Total Equity
		Issued Capital	Accumulated Losses	Share-Based Payments Reserve		
		\$	\$	\$	\$	\$
Balance at 30 June 2017		8,945,644	(1,953,649)	392,434	(6)	7,384,423
Loss for the period		-	(1,707,066)	-	(162)	(1,707,228)
Total comprehensive income		-	(1,707,066)	-	(162)	(1,707,228)
Issue of shares	11	65,780	-	-	-	65,780
Share-based payments	19	-	-	288,674	-	288,674
Share issue costs		(65,737)	-	-	-	(65,737)
Balance at 30 June 2018		8,945,687	(3,660,715)	681,108	(168)	5,965,912
Loss for the period		-	(5,272,292)	-	(576)	(5,272,868)
Total comprehensive income		-	(5,272,292)	-	(576)	(5,272,868)
Issue of shares	11	10,380	-	(10,380)	-	-
Exercise of performance rights	11	9,000	-	(9,000)	-	-
Share-based payments	19	-	-	242,779	-	242,779
Expire of options		-	237,450	(237,450)	-	-
Balance at 30 June 2019		8,965,067	(8,695,557)	667,057	(745)	935,822

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

		30 June 2019	30 June 2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		12,455	50,755
Other receipts/payments		4,792	146,254
Payments to suppliers and employees		(1,357,053)	(1,319,128)
Net cash used in operating activities	14	(1,339,806)	(1,122,119)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		(306,968)	(803,403)
Purchase of property, plant and equipment	9	(3,182)	-
Secured loan		-	383,199
Net cash used in investing activities		(310,159)	(420,204)
CASH FLOWS FROM FINANCING ACTIVITIES			
	14		
Share issue costs		-	9,477
Net cash provided by financing activities		-	9,477
Net increase/(decrease) in cash held		(1,649,956)	(1,532,846)
Cash at Beginning of Period		1,948,081	3,480,927
Cash at End of Year	5	298,125	1,948,081

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for the consolidated entity consisting of Lithium Consolidated Ltd and its Controlled Entities. Lithium Consolidated Ltd is a listed public company, incorporated and domiciled in Australia. The principal activity of the Group during the period was lithium exploration.

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 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 have been prepared on an accruals basis and are based on historical cost. The financial report was authorised for issue on 24 September 2019 by the directors of the Company. Separate financial statements for Lithium Consolidated Ltd as an individual entity are no longer presented following a change to the Corporations Act 2001. However, financial information required for Lithium Consolidated 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 2019 the Group generated a consolidated loss of \$5,272,868 and incurred operating cash outflows of \$1,339,806. As at 30 June 2019 the Group has cash and cash equivalents of \$298,125 and net assets of \$935,822.

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 and the rights issue and placement completed in September 2019) 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.

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Principles of Consolidation***Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Consolidated Ltd ("Company" or "parent entity") as at 30 June 2019, and the results of all subsidiaries for the period then ended. Lithium Consolidated 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 profit and loss and other 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.

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Segment Reporting** (Continued)

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 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.

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 Non- Financial 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.

Other Receivables

Due to the short term nature of these receivables, their carrying value is assumed to approximate fair value. The maximum exposure to credit risk is the carrying value of receivables. Collateral is not held as security, and the receivables are not exposed to foreign exchange risk.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses

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.

Trade and Other Payables

These amounts represent financial liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

Financial liabilities are carried at amortised cost and are initially measured at fair value including transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Trade payables are non-interest bearing and are generally on 30-60 days terms. Due to their short-term nature trade and other payables are not discounted.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 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.

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, accumulated depreciation and any 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. 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 profit and loss and other 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.

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 profit or loss.

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**New Accounting Standards Adopted During The Year**

The Group applies, for the first time, AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers. The adoption of these new Standards did not have any material impact on the amounts recognised in the financial statements of the group for the current or prior periods. However, the accounting policies have changed from that disclosed in the 30 June 2018 financial statements. The new accounting policies for the group adopted for the first time in these financial statements are:

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of AASB 15 has not impacted the amounts disclosed within the financial statements.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The adoption of this standard has not impacted the amounts disclosed in these financial statements.

New and Amended Standards and Interpretations For Future Periods

Accounting standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16 Leases

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for most leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease.

The Group has evaluated the impact of adoption of this standard. Upon adoption of this standard, it is the Group's intention to transition using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Comparative figures are not restated.

Based on the transition approach and the entity's current leasing arrangements the entity has determined there will be no material impacts in the current or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2019 were \$711,263.

NOTE 2: REVENUE

	30 June 2019	30 June 2018
	\$	\$
Revenue from operating activities:		
Interest received from other persons	12,455	47,169
	12,455	47,169

NOTE 3: EXPENSES

	30 June 2019	30 June 2018
	\$	\$
Included in expenses are the following items:		
ASX, ASIC, share registry expenses	67,703	69,707
Audit and external accounting fees	48,736	55,146
Consulting fees	74,803	100,833
Insurance	24,314	43,350
Marketing	58,317	20,953
Travel expenses	133,992	52,930
Employee benefits expense comprises:		
Salaries, wages and superannuation	227,500	190,000
Directors and senior management fees	220,000	265,170
Provision for leave entitlement	13,270	14,933

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 4: INCOME TAX EXPENSE

	30 June 2019	30 June 2018
	\$	\$
(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% (2018: 27.5%)	(1,450,039)	(469,488)
Adjust for tax effect of:		
Non-deductible amounts	743,578	104,552
Deferred tax assets not brought to account	706,461	364,936
Income tax expense/(benefit)	-	-
Deferred tax asset not recognised through equity	132,641	198,296
(b) Recognized deferred tax assets and liabilities		
Deferred tax assets		
Temporary differences	150,061	230,783
Carried forward tax losses	45,537	253,628
Deferred tax liabilities		
Exploration and evaluation assets	(195,597)	(484,411)
Net deferred tax asset	-	-
Unrealised tax losses available	5,811,325	3,355,623
Unrealised temporary differences available	-	0
Net unrealised deferred tax assets at 27.5%	1,598,114	922,796

NOTE 5: CASH AND CASH EQUIVALENTS

	30 June 2019	30 June 2018
	\$	\$
Cash at bank and on hand	276,916	1,166,731
Short term deposits	21,209	781,350
	298,125	1,948,081

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 6: RECEIVABLES

	30 June 2019	30 June 2018
	\$	\$
Current:		
Other receivables	14,762	19,554
	14,762	19,554

NOTE 7: OTHER CURRENT ASSETS

	30 June 2019	30 June 2018
	\$	\$
Current:		
Prepayments	-	3,834
	-	3,834

NOTE 8: EXPLORATION AND EVALUATION ASSETS

	30 June 2019	30 June 2018
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	711,263	4,184,290
Movement in exploration and evaluation assets:		
Opening balance - at cost	4,184,290	3,451,640
Capitalised exploration expenditure	301,997	809,856
Impairment of exploration assets	(3,775,024)	(77,206)
Total exploration and evaluation assets	711,263	4,184,290
Carrying amount at the end of the year	711,263	4,184,290

During the period, the economic entity impaired the full carrying value of the Big Smokey project in Nevada. This project had a large capitalised value (\$3.8m) due principally to the accounting treatment of the initial share acquisition for the project. Given the reduction of the project size (due to tenement relinquishment) and de-prioritisation of the project, it was decided prudent to impair the projects value. As no resource had been determined on the project, partial impairment was not considered feasible. Subsequent to 30 June 2019, the Company announced the sale of the Nevada project (refer Note 23).

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 9: PLANT AND EQUIPMENT

	30 June 2019	30 June 2018
	\$	\$
At cost	3,182	-
Accumulated depreciation	(653)	-
Write-off	-	-
Total plant and equipment	2,529	-
Reconciliation of the carrying amounts for property, plant and equipment is set out below:		
Balance at the beginning of period	-	-
Additions during the period	3,182	-
Depreciation expense	(653)	-
Write-off	-	-
Carrying amount at the end of period	2,529	-

NOTE 10: TRADE AND OTHER PAYABLES

	30 June 2019	30 June 2018
	\$	\$
Current:		
Trade payables and accrued expenses	59,317	171,577
Short term employee benefits	31,540	18,270
Total payables (unsecured)	90,857	189,847

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

NOTE 11: CONTRIBUTED EQUITY

Fully paid ordinary shares

	2019		2018	
	No. of Shares	\$	No. of Shares	\$
Balance at the beginning of period	90,499,122	10,113,643	89,972,122	10,047,863
Share issues:				
24 January 2018 (a)			200,000	20,000
29 June 2018 (b)			327,000	45,780
5 December 2018 (c)	173,000	10,380	-	-
5 December 2018 (d)	150,000	9,000	-	-
Balance as at 30 June	90,822,122	10,133,023	90,499,122	10,113,643
Total transaction costs associated with share issues	-	(1,167,956)	-	(1,167,956)
Net issued capital		8,965,067		8,945,687

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 11: CONTRIBUTED EQUITY (Continued)

Fully paid ordinary shares (Continued)

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) 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.
- (b) 327,000 shares with a fair value of \$45,780 issued to consultants at no consideration, as part of share-based payments.
- (c) 173,000 ordinary shares issued at no consideration, pursuant to a board resolution to consultants of the Company for services rendered. The shares were valued at \$0.06 per share, being the share price at issue date.
- (d) 150,000 performance rights were exercised and converted into ordinary shares at no consideration. Valued at \$0.06 each, being the share price at issue date. Refer to Note 19 for details of share based payments.

Options

	Note	Weighted average exercise price	30 June 2019 No. of Options	Weighted average exercise price	30 June 2018 No. of Options
Unlisted Share Options		\$0.188	4,000,000	\$0.157	6,154,000
Balance at the beginning of the reporting period		\$0.157	6,154,000	\$0.125	4,000,000
Options issued during the period:					
Issued to a director	19	\$0.15	2,000,000	-	-
Issued to consultants	19	\$0.25	346,000	\$0.215	2,154,000
Expired		\$0.133	(4,500,000)	-	-
Exercisable at end of year		\$0.188	4,000,000	\$0.157	6,154,000

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 11: CONTRIBUTED EQUITY (Continued)

Performance Rights

	Note	Weighted average exercise price	30 June 2019 No. of Performance Rights	Weighted average exercise price	30 June 2018 No. of Performance Rights
Unlisted Performance Rights		-	9,200,000	-	7,177,000
Balance at the beginning of the reporting period		-	7,177,000	-	7,500,000
Performance Rights issued/cancelled during the period:					
Issued to a director	19	-	2,000,000	-	-
Issued to consultants	19	-	173,000	-	477,000
Exercised		-	(150,000)	-	(200,000)
Cancelled		-	-	-	(600,000)
Balance at end of year		-	9,200,000	-	7,177,000

Capital Management

Exploration companies such as Lithium Consolidated 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 accumulated losses if options lapse.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

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.

(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

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 13: OPERATING SEGMENTS (Continued)

i. Segment Performance

	Australia \$	Zimbabwe \$	Mozambique \$	Unallocated items \$	Total \$
30 June 2019					
REVENUE					
Interest revenue	12,036	-	419	-	12,455
Total segment revenue	12,036	-	419	-	12,455
<i>Reconciliation of segment revenue to Group revenue</i>					
Total Group revenue	12,036	-	419	-	12,455
<i>Reconciliation of segment result of Group net loss after tax</i>					
Segment net loss before tax	12,036	(172,321)	(63,940)	(3,783,392)	(4,007,617)
Amounts not included in segment result but reviewed by Board					
- Corporate charges					(1,264,598)
- Depreciation and amortisation					(653)
Net Loss after tax from continuing operations					(5,272,868)

	Australia \$	Zimbabwe \$	Mozambique \$	Unallocated items \$	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	(39,923)	(212,255)	(43,000)	(97,647)	(312,978)
Amounts not included in segment result but reviewed by Board					
- Corporate charges					(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 2019

NOTE 13: OPERATING SEGMENTS (Continued)

ii. Segment assets

	Australia	Zimbabwe	Mozambique	Unallocated items	Total
	\$	\$	\$	\$	\$

30 June 2019

Reconciliation of segment assets to Group assets

Segment Assets	607,045	104,218	-	-	711,263
Unallocated Assets					
- Corporate	-	-	-	315,416	315,416
Total Group Assets					1,026,679

Segment Asset Increases (Decreases)

Capitalised expenditure for the period

- Exploration and Other	99,542	104,218	-	98,238	301,998
- Impairment	-	-	-	(3,775,024)	(3,775,024)
	99,542	104,218	-	(3,676,786)	(3,473,026)

	Australia	Zimbabwe	Mozambique	Unallocated items	Total
	\$	\$	\$	\$	\$

30 June 2018

Reconciliation of segment assets to Group assets

Segment Assets	507,504	-	-	3,676,786	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	507,504	-	-	302,353	809,856
- Impairment write-down	-	-	-	(77,206)	(77,206)
	507,504	-	-	225,146	732,650

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 13: OPERATING SEGMENTS (Continued)

(d) Unallocated items (Continued)

iii. Segment liabilities

	Australia	Zimbabwe	Mozambique	Unallocated items	Total
	\$	\$	\$	\$	\$
30 June 2019					
Reconciliation of segment liabilities to group liabilities	1,745	9,374	3,124	3,701	17,944
Unallocated Liabilities					
- Corporate	-			72,913	72,913
Total Group Liabilities	1,745	9,374	3,124	76,614	90,857
	Australia	Zimbabwe	Mozambique	Unallocated items	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	77	-	188,334	189,847

NOTE 14: CASH FLOW INFORMATION

	30 June 2019	30 June 2018
	\$	\$
A. Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Loss after income tax	(5,272,868)	(1,707,228)
Non-cash flows in loss from ordinary activities:		
Loss of disposal of PP&E	-	-
Depreciation	653	-
Impairment – Mining assets	3,775,024	77,206
Equity settled compensation	242,779	279,239
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	4,792	149,840
(Increase)/Decrease in prepayments and other assets	3,834	(167)
Increase/(decrease) in payables and accruals	(107,288)	64,058
Increase/(decrease) in provisions	13,268	14,933
Cash flows from operations	(1,339,806)	(1,122,119)

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 14: CASH FLOW INFORMATION (Continued)

B. Non-cash Financing Activities

Share issue:

- 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
- 173,000 shares issued at no consideration, pursuant to board resolutions to advisors of the Company for services rendered, valued at \$0.06 each, being the share price at the time of issue.	10,380	-
- 150,000 shares with a fair value of \$9,000 upon exercise of performance rights.	9,000	-

NOTE 15: EARNINGS PER SHARE

	30 June 2019	30 June 2018
	\$	\$
Net loss used in the calculation of basic and diluted EPS attributable to owners of the parent company	(5,272,292)	(1,707,228)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	90,683,188	90,060,489

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.

	30 June 2019	30 June 2018
	\$	\$
Not later than 1 year	985,050	214,000
Later than 1 year but not later than 5 years	1,230,000	876,000
Later than 5 years	-	-
Total commitment	2,215,050	1,090,000

(b) Operating Lease Commitments

The Group has no operating leases.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 16: COMMITMENTS (Continued)

(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 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 2019	30 June 2018
	\$	\$
Short-term employee benefits	447,500	455,170
Share-based payments	215,798	212,600
	663,298	667,770

NOTE 19: SHARE-BASED PAYMENTS

Director and Employee Share-based Payments

Share based payment expense recognised during the year:

	30 June 2019	30 June 2018
	\$	\$
Share based payment expense recognised during the period:		
Allocation of value of performance rights issued directors in Oct 2016 (1)	208,708	212,598
Options issued to consultants (2)	-	53,100
Shares issued to advisors (3)	-	45,780
Allocation of value of performance rights issued to a consultant in Jun 2018 (4)	8,926	74
Allocation of value of options issued to consultants in Jun 2018 (5)	-	42,902
Shares issued to advisors in Dec 2018 (6)	10,380	-
Allocation of value of options issued to consultants in Dec 2018 (7)	1,360	-
Allocation of value of options issued to a director in Dec 2018 (8)	3,000	-
Allocation of value of performance rights issued to a director in Dec 2018 (10)	10,405	-
	242,779	354,454

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 19: SHARE-BASED PAYMENTS (Continued)

Notes for the above table, relating to the years ended 30 June 2019 and 30 June 2018, are:

1. 7.5 million performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to directors 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.
2. 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%

All the options were not exercised and expired on 30 June 2019. The value of the options has been adjusted in the accumulated losses.

3. 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.
4. 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.

Among them, 150,000 performance rights were exercised and converted to ordinary shares at no consideration. The shares were revalued at \$0.06 per share, being the price at issue date.

5. 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 2019

NOTE 19: SHARE-BASED PAYMENTS (Continued)

6. 173,000 ordinary shares issued at no consideration, pursuant to a board resolution to consultants of the Company for services rendered. The shares were valued at \$0.06 per share, being the share price at issue date.
7. 346,000 options were granted to consultants in December 2018. The options vested on grant date and expire on 5 December 2020.

The weighted average fair value of options granted during the period was 1.31 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 issue 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:

- Issue date: 5 December 2018
- share price at issue date: 6 cents
- exercise price: 25 cents
- expected volatility: 101.75%
- expected dividend yield: nil
- risk free rate: 1.967%

Considered the likelihood that the conditions will be achieved, the fair value of the performance rights is discounted and valued at \$1,360 in total.

8. 2,000,000 options were granted to a director in December 2018. The options have a market-based performance vesting condition and expire on 31 December 2021.

The weighted average fair value of options granted during the period was 2.71 cents. The fair values at grant date were determined by taking into account the share price at issue 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 to value the options granted were as follows:

- Issue date: 5 December 2018
- share price at issue date: 6.0 cents
- exercise price: 15 cents
- expected volatility: 101.75%
- expected dividend yield: nil
- risk free rate: 2.10%

The options have a market-based performance vesting condition. Considered the impact of the condition and the likelihood that the conditions will be achieved, the fair value of options is discounted and valued at \$16,260 in total. The value of the options has been spread over the period to 31 December 2021, being the last vesting date on options.

9. 173,000 performance rights which have vesting conditions and expire on 10 January 2021 were granted to consultants in December 2018. The undiscounted value of the performance rights granted was 6.0 cents, being the share price at issue date. The fair values at issue date were by assessing the likelihood that the performance conditions will be achieved. The fair value of the performance rights after discount was assessed as nil.
10. 2,000,000 performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to a director in December 2018. The undiscounted value of the performance rights granted was 6.0 cents, being the share price at issue date. The fair values at issue date were by assessing the likelihood that the performance conditions will be achieved. The fair value of the performance rights after discount totalled \$56,400 and has been spread over the period to 31 December 2021, being the last vesting date on the performance rights.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 20: AUDITOR'S REMUNERATION

Remuneration for the auditor of the parent entity:

	30 June 2019	30 June 2018
	\$	\$
BDO Audit Pty Ltd and its related entities:		
Auditing or reviewing the financial reports	37,591	36,177
Taxation	9,045	18,969
	46,636	55,146

NOTE 21: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments comprise 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 2019

NOTE 21: FINANCIAL RISK MANAGEMENT (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 2019, 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 Zimbabwe and 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 \$1,363 (2018 \$7,504).

(b) Financial Instrument Composition and Contractual Maturity Analysis

	30 June 2019	30 June 2018
	\$	\$
Financial assets:		
Within 6 months:		
cash & cash equivalents (i)	298,125	1,948,081
receivables (i)	14,762	19,554
prepayments	-	3,834
	312,887	1,971,469
Financial liabilities:		
Within 6 months:		
payables (i)	(90,857)	(189,847)
	(90,857)	(189,847)

(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.

(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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

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 2019	30 June 2018
West Resource Ventures Pty Ltd	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%	100%
Li3B (Mozambique) Pty Ltd	Australia	100%	100%
Li3C (Mozambique) Pty Ltd	Australia	100%	100%
LithiumB, S.A	Mozambique	100%	100%
Licomex (Private) Limited	Zimbabwe	100%	100%

NOTE 23: SUBSEQUENT EVENTS

On 1 July 2019, 3,500,000 performance rights held by directors and senior management vested and were exercised in to 3,500,000 ordinary shares.

On 8 July 2019 the Company announced the grant of nine new Prospecting Licenses in eastern Zimbabwe at the highly prospective Odzi West project and at the Chisuma project. The Company has established a dominant land position in eastern Zimbabwe through a total of 72 licenses over an area of 2,958 ha, where 59 have been granted (1,800 ha) and the remainder are pending grant.

On 9 July 2019 the Company also announced it has been granted three new lithium exploration licenses in the Alto Ligonha Pegmatite Province in northern Mozambique. The three newly granted licenses are in addition to the two licenses which were granted on 25 March 2019. The Company now holds a total of five licenses over an area of 31,481 ha (314.8 km²) in the Alto Ligonha Pegmatite Province in Mozambique.

On 30 July 2019 the Company announced a non-renounceable entitlement offer to eligible shareholders of one new fully paid ordinary share for every four shares held at an issue price of \$0.05 per share, together with one free attaching unlisted option exercisable at \$0.05 each and expiring on 30 September 2020 for every new share allotted, to raise approximately \$1,179,026 (before costs).

At the same time, the Company reserved the right to accept subscriptions from eligible shareholders and other investors identified by the Company up to a maximum value of \$2,000,000 on the same terms and conditions as the entitlement offer. Shareholder approval was received for the additional shares and attaching options at an Extraordinary General Meeting convened on 11 September 2019.

On 19 September 2019, the Company issued a total of 29,734,064 shares and 29,734,064 options (\$0.05 @ 30-Sep-20) to raise a total of \$1,486,703 (before costs), comprising:

- \$148,086 from the entitlement offer (2,961,713 shares and 2,961,713 options); and
- \$1,338,617 from the additional offer (26,772,351 shares and 26,772,351 options).

A further 6,693,088 options (\$0.05 @ 30-Sep-20) were issued a part of the fee to the Lead Managers of the additional offer.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 23: SUBSEQUENT EVENTS (Continued)

On 14 August 2019, the Company announced it had entered into a binding agreement with Argosy Minerals Limited (**Argosy**) (the **Agreement**) to sell the Company's Tonopah Lithium Project (**TLP**) (located in the Clayton Valley, West Central Nevada, in the United States of America) for an upfront cash payment and an additional milestone payment upon definition of a JORC compliant lithium reserve at TLP (the **Sale**). Big Smokey Exploration LLC, ProspectOre LLC, and ProspectOre Inc., companies which are associated with Mr Gordon Addie (together, the **Addie Group**), are also parties to the Agreement (which, together with the Company, are the **Vendors**).

Argosy exercised its option and completed the Sale under the Agreement resulting in Argosy acquiring a 100% interest in the TLP for a total purchase price of up to approximately A\$585,000² split between the Vendors, which consists of a cash payment upon completion and a further milestone-based payment.

The key terms of the Agreement included:

1. Argosy paying an option fee of US\$10,000.00.
2. The purchase price consisting of an upfront cash payment of US\$50,000, payable at completion and a further milestone payment of A\$500,000.00 payable upon Argosy announcing:
 - a. a JORC Code-compliant Ore Reserve (as defined in the JORC Code) of at least one million tonnes of lithium carbonate equivalent product at TLP; or
 - b. the commencement of commercial production of lithium product at TLP.
3. The proceeds of the Sale will be allocated in equal portions to Li3 and the Addie Group.
4. Argosy paid the renewal cost for maintaining the Mining Claims on or before 1 September 2019.

The Sale was completed on 11 September 2019.

Other than the matters 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.

² US\$ amounts have been converted at a rate of US\$0.70/ A\$

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

NOTE 24: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Lithium Consolidated Ltd at 30 June 2019. This information has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2019	30 June 2018
	\$	\$
Current assets	232,026	1,838,446
Non-current assets	713,793	4,308,830
Total assets	945,819	6,147,276
Current liabilities	89,112	181,364
Non-current liabilities	-	-
Total liabilities	89,112	181,364
Net assets	856,707	5,965,912
Contributed equity	8,965,067	8,945,687
Reserves	667,057	681,108
Accumulated losses	(8,775,417)	(3,660,883)
Total equity	856,707	5,965,912
Loss for the period	(4,895,275)	(1,756,331)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(4,895,275)	(1,756,331)

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 6, 10 Market 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 2019 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 24 September 2019
Brisbane, Queensland

INDEPENDENT AUDITOR'S REPORT

To the members of Lithium Consolidated Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lithium Consolidated Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as 30 June 2019, 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 2019 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
Refer to Note 8 in the financial report. The Group carries exploration and evaluation assets as at 30 June 2019 in relation to the application of the Group's accounting policy for exploration and evaluation assets. 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 AASB 6 Exploration for and Evaluation of Mineral Resources in light of any indicators of impairment that may be present.	Our procedures included, but were not limited to the following: • 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 2019, 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 20 to 25 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Lithium Consolidated Limited, for the year ended 30 June 2019, 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

BDO



T J Kendall

Director

Brisbane, 24 September 2019

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