



**LITHIUM CONSOLIDATED**

**LITHIUM CONSOLIDATED LIMITED**

**ACN 612 008 358**

**CONSOLIDATED FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2019**

**LITHIUM CONSOLIDATED LTD ACN 612 008 358**

**Phone:** +61 8 9200 0435 **Fax:** +61 8 9380 6761 **Address:** Level 2, Suite 9 389 Oxford Street, Mount Hawthorn WA 6016

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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.

Lithium Consolidated Ltd 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 announcement that relates to Exploration Results and general project comments is based on information reviewed and compiled by Nicholas Revell, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Revell is a geologist consultant to Lithium Consolidated. Mr. Revell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Revell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Corporate Information

### Directors and Company Secretary

Mr Brian Moller (Non-executive Chairman)  
Mr Andrew Haythorpe (Managing Director)  
Mr Vincent Mascolo (Non-executive Director)  
Mr Owen Burchell (Non-executive Director)  
Mr Don Smith (Non-executive Director)

Mr Paul Jurman (Company Secretary)

### Head Office and Registered Office

Lithium Consolidated Limited  
Level 2, Suite 9  
389 Oxford Street  
Mt Hawthorn, WA 6016  
Tel: +61 8 9200 0435  
[www.li3limited.com](http://www.li3limited.com)

### Auditor

BDO Audit Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000  
Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
[www.bdo.com.au](http://www.bdo.com.au)

### Share Registry

Link Market Services Limited  
Level 15, 324 Queen Street  
Brisbane QLD 4000  
Tel: 1300 554 474  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Stock Exchange Listing

Australian Securities Exchange Ltd  
ASX Code: LI3

### Solicitor

HopgoodGanim Lawyers  
Level 8, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Tel: +61 7 3024 0000  
[www.hopgoodganim.com.au](http://www.hopgoodganim.com.au)

### Australian Business Number

32 612 008 358

## Directors' Report

The directors submit their report on the consolidated entity ("Group") consisting of Lithium Consolidated Limited ("Company") and the entities it controlled at the end of, and during, the half-year ended 31 December 2019.

### Directors

The following persons were Directors of the Company during or since the end of the financial period:

- Mr Brian Moller
- Mr Vincent Mascolo
- Mr Andrew Haythorpe (appointed 11 October 2019)
- Mr Shanthar Pathmanathan (resigned 11 October 2019)
- Mr Owen Burchell (appointed 10 January 2020)
- Mr Don Smith (appointed 10 January 2020)

### Review of Operations

The Group's operating loss for the financial period, after applicable income tax was \$1,064,441. Exploration and evaluation expenditure capitalised before the write-off during the period totalled \$134,505.

At 31 December 2019, the Group's net assets totalled \$1,778,166 which included cash assets of \$929,033. The movement in net assets largely resulted from the following factors:

- Operating losses of \$1,064,441, including the exploration assets impairment (\$729,373);
- Cash outflows from operating activities were \$560,101.
- Cash outflows on exploration and evaluation assets were \$193,426.

During the period, the Company's principal activity was mineral exploration and identification of new exploration opportunities.

### Acquisition of Warrigal Mining Pty Ltd

In December 2019, Li3 completed its purchase of a 100% interest in the Western Australian based exploration company Warrigal Mining Pty Ltd (Warrigal). (Refer previous ASX release "Completion of Warrigal Mining Acquisition" dated 13 December 2019)

Warrigal is a Western Australian based resource and exploration company with high-quality exploration projects located in the Murchison Province of Western Australia. The company has an extensive landholding of 510km<sup>2</sup> across 4 projects in the Mount Magnet and Yalgoo mineral fields 500km North-East of Perth.

#### Warriedar Project

The Warriedar Project is based on 333km<sup>2</sup> of granted tenure located in the Warriedar Fold Belt of the Yalgoo-Singleton greenstone belt and sits within 20km of two milling and processing facilities – namely the Minjar Golden Dragon Mine and the EMR Capital Golden Grove polymetallic mine. The Warriedar Project is flanked by greenstones and volcanics and a significant intrusive related gold system (IRGS) at the Western prospect area has been surface sampled with grades up to 8g/t.

The Eastern side has more than 25km of previously unrecognized (and unexplored) greenstone and felsic volcanics - considered highly prospective for volcanogenic massive sulphides (VMS) and gold. Historical gold production at the Warriedar Mining Centre and State Battery occurred between 1913-1935 reported an average grade of 10.7g/t Au. The Warriedar Mine produced copper between 1958-1969 at a grade of 9.83% Cu.

Field programs commenced in February 2020 and results are expected during the March 2020 Quarter.

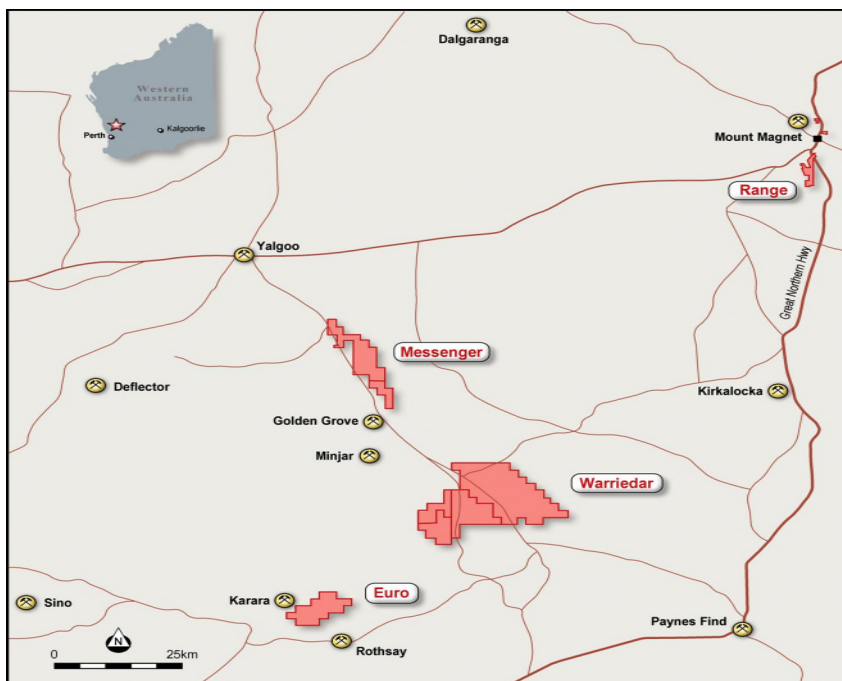


Figure 1. Mt Magnet and Yalgoo tenement location map

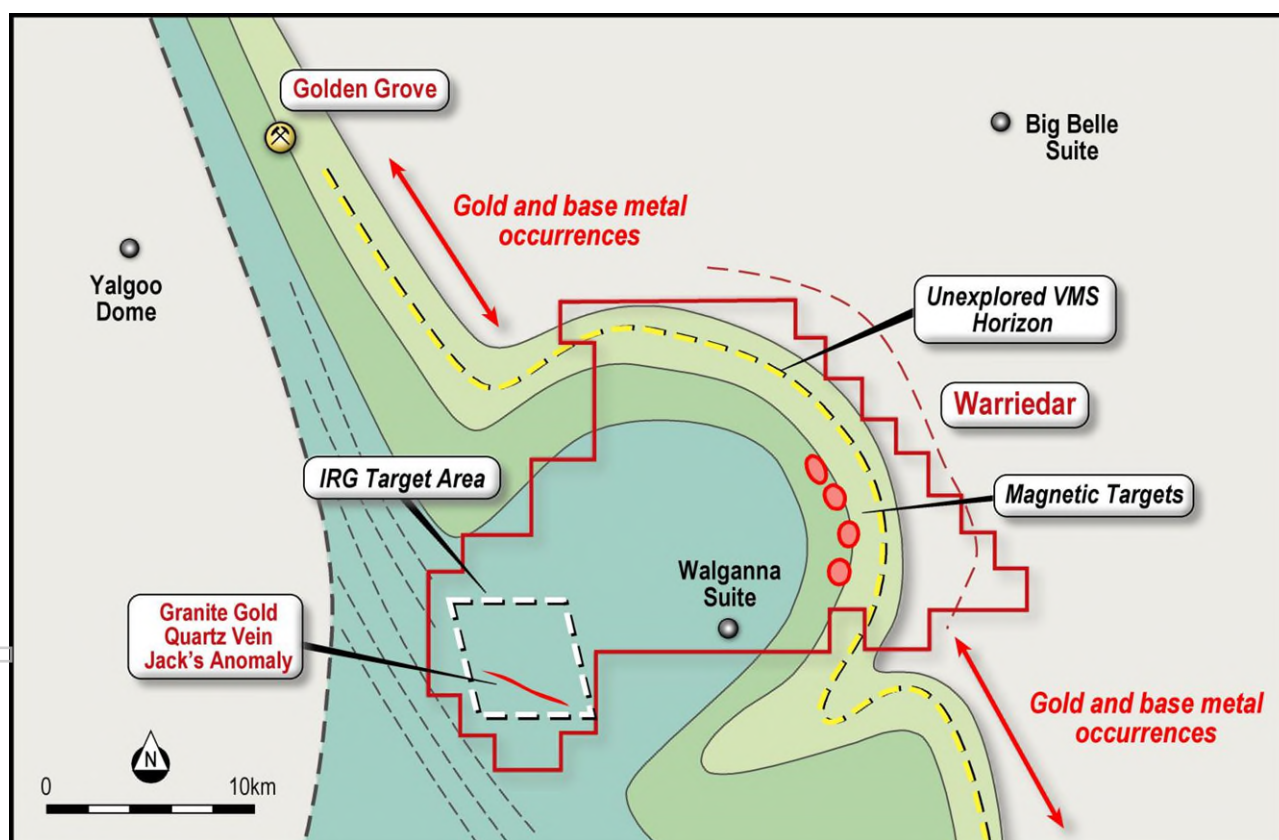


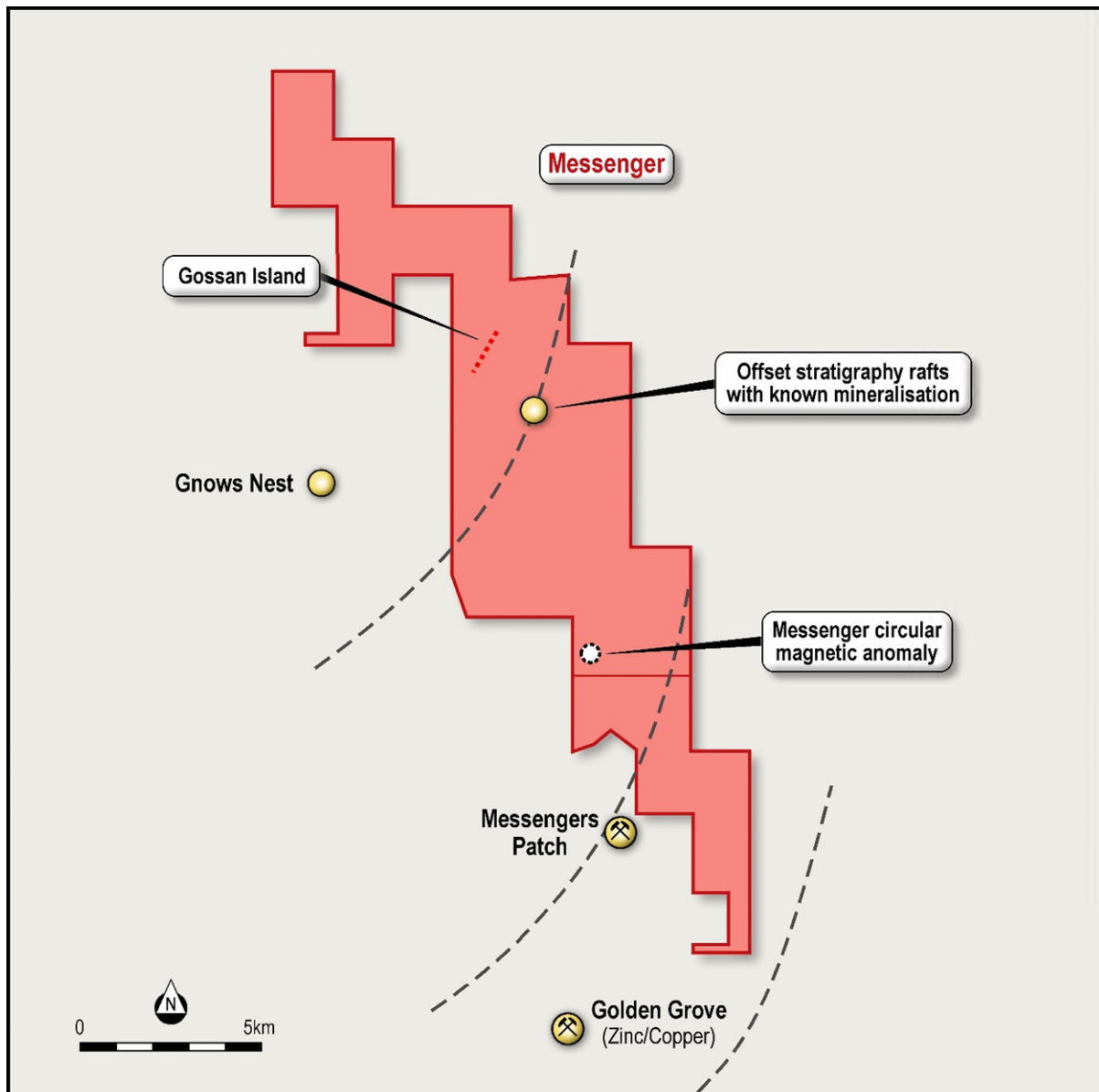
Figure 2. Warriedar schematic geology

#### Messenger Project

The Messenger project covers an area of 93m<sup>2</sup> along the eastern margin of the Warriedar fold belt and is adjacent to the EMR Golden Grove base and precious metal deposit.

The Messenger Project geology is primarily sedimentary and felsic volcanics including outcrops of the highly desirable Golden Grove and Scuddles Units which host the major VMS mineralization in the district. Large outcrops of underexplored greenstone hosted quartz lodes are also present on the eastern portion of Messenger.

With the original discovery of gold in 1907, Messenger has had an extensive history of artisanal gold production with minimal modern systematic exploration despite being proximal to a world-class VMS camp. Messenger offers outstanding potential for the discovery of greenstone hosted gold, shear hosted gold and VMS.



**Figure 3:** Messenger Project with magnetics and nearby mineral occurrences

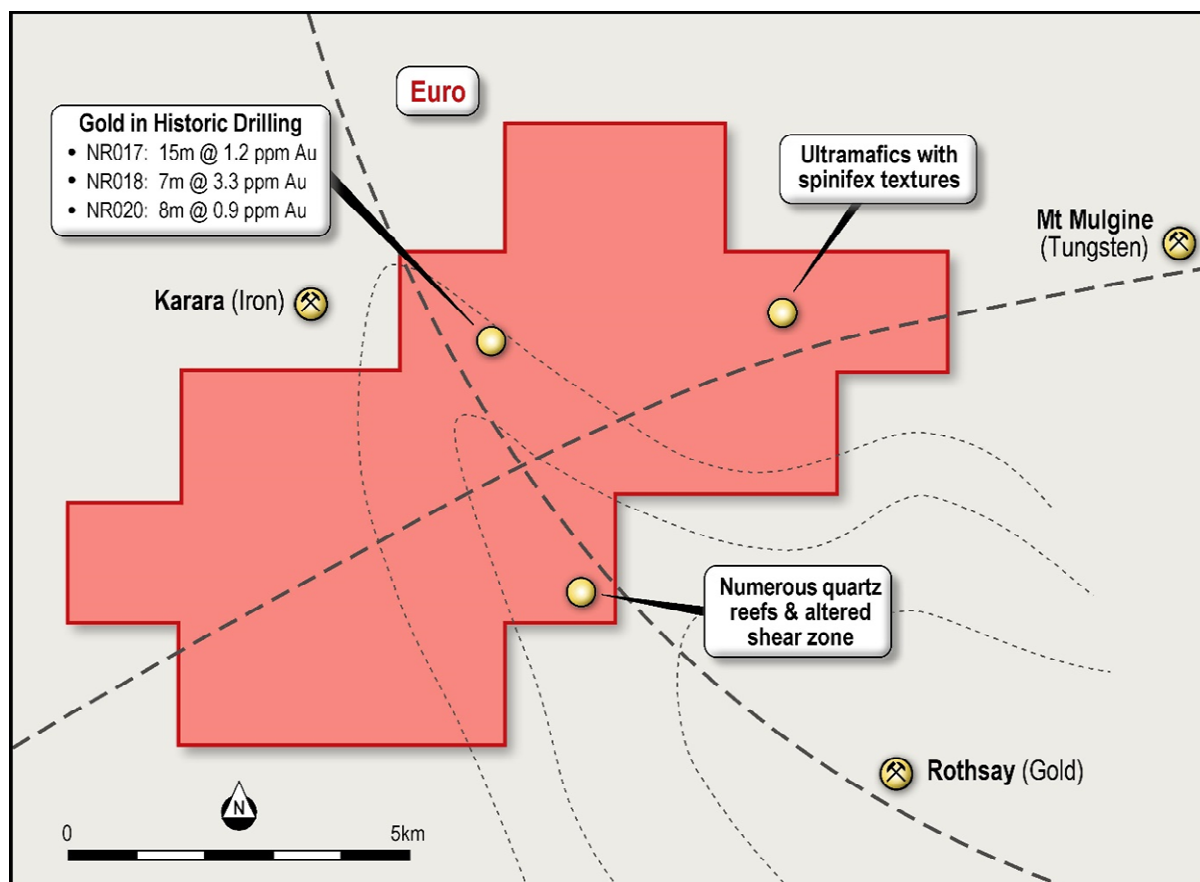
#### *Euro Project*

The Euro Project is a single 63km<sup>2</sup> tenement nestled in the hinge of a tightly folded greenstone sequence of the south Yalgoo Greenstone belt. The project is centred upon a number of cross-cutting shear zones known to host significant mineralisation including one major operation and two high profile development projects.

The Karara Iron Ore Mine, Silver Lake Resources' Rothsay Mine; and the Mt Mulgine tungsten/molybdenum deposit are all located within 10km of the Euro Project. Historical drill intercepts of near-surface gold (tabled below) combined with the recent discovery of outcrops of large ultramafic units with spinifex textures (indicative of nickel mineralisation) show the project has significant exploration potential in its own right.

**Table 1:** Historic drilling highlights

Hole ID	Depth	Interval
NR017	20m	15m @ 1.15g/t
NR020	20m	8m @ 0.87g/t (including 5m @ 1.3g/t)
NR018	15m	15m @ 2.33 g/t (including 7m @ 3.4g/t)

**Figure 4:** Euro Project with magnetics, structure and nearby operations

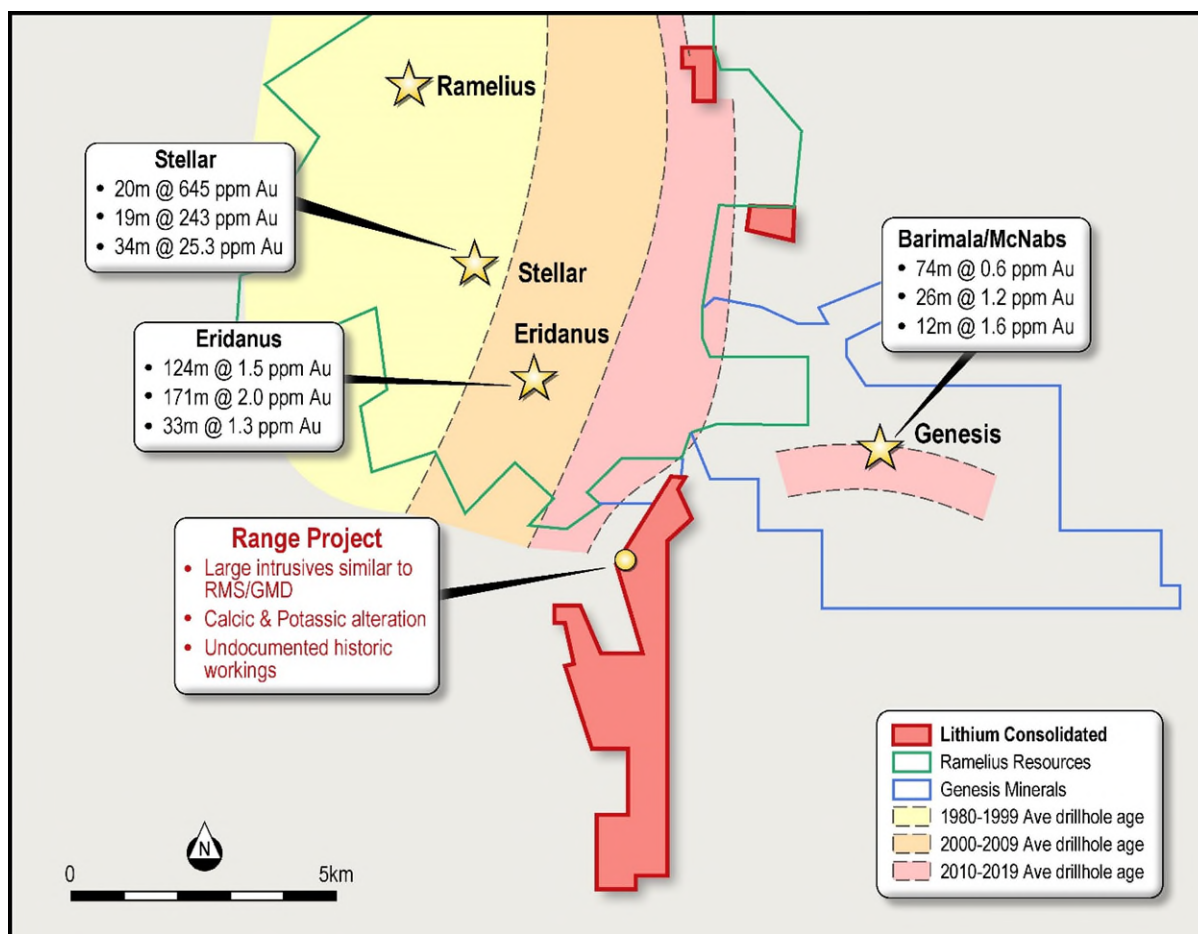
#### Range Project

Located 5km from the town of Mt Magnet which boasts a prolific >6Moz historical production history, the Range Project consists of 20km<sup>2</sup> of granted tenure covering a continuous 7km long strike length of prime geological real estate.

The project hosts numerous shear hosted and orogenic quartz lodes (which make up the bulk of historic production in the region). More recently the regional exploration focus has been towards larger intrusive and porphyry-style mineralisation. The North East trending Boogardie intrusive gold trend being exploited by Ramelius Resource Ltd (ASX:RMS) and the east-west trending Barimaia porphyry discovery by Genesis Minerals Ltd (ASX:GMD) intersect in the Range Project.

Mapping has outlined the presence of the same intrusives along with high-grade alteration (indicators of high-grade mineralisation in porphyry systems) extending from the neighbouring Britannia open pit and through historic shafts.





**Figure 5: Range Project with neighbouring exploration success**

### Yilgarn Lithium Project, Western Australia, Australia

The Company owns a 100% interest in West Resource Ventures Pty Ltd, which has a direct ownership interest in the Yilgarn Lithium Project (YLP) located in the Yilgarn Province of Western Australia.

YLP is a hard-rock lithium project located in the Yilgarn Province of Western Australia. During the period, the Company reviewed the tenements comprising the YLP and relinquished 9 tenements and subsequent to quarter end, relinquished a further 7 tenements.

In addition, Li3 applied for 1 new WA permit, Rocky Hill, selected for its Lithium and industrial minerals potential. The Rocky Hill Project is located approximately 100 kms south-east of Perth. Exploration License application (E70/5321) covers an area of 30 km<sup>2</sup> and is well located with nearby to rail and all-weather roads supporting all weather access to container handling at the port of Fremantle.

No exploration activities were carried out within any of the YLP in the December 2019 half-year.

### **Zimbabwe and Mozambique Hard Rock Lithium Projects**

During the period, the Company was granted three (3) new lithium exploration licenses, including the high priority 9166L license in northern Mozambique.

The three (3) newly granted Licenses are in addition to the two (2) Licenses, which were granted and announced on 25 March 2019, such that the Company now holds a total of five (5) Licenses over an area of 31,481 ha (314.8 km<sup>2</sup>) in the Alto Ligonha Pegmatite Province in Mozambique.

There was no significant exploration activity in Zimbabwe and Mozambique during the period and the Company continues to investigate options with respect to advancing the overseas projects.



## Tonopah Lithium Project, Nevada, USA

During the period, the Company completed the sale, through its wholly owned subsidiary LCME Holdings Inc. (LCME), of its Tonopah Lithium Project (TLP) for an upfront cash payment and an additional milestone payment upon definition of a JORC compliant lithium reserve at TLP.

### Corporate

During the period, the Company completed a capital raising comprised of a (1 for 4) non-renounceable entitlement offer (**Entitlement Offer**) combined with an additional offer on the same terms (**Additional Offer**, together with the Entitlement Offer, the **Offers**), raising a total of \$1,486,354 before costs.

29,734,064 Shares were allotted at an issue price of \$0.05 per share, together with 1 free attaching unlisted option exercisable at \$0.05 each and expiring on 30 September 2020. 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.

Under the terms of the Entitlement Offer, the Company retained the right to place the remaining shortfall within three months of the Closing Date at an issue price being not less than the Offer Price.

In December 2019, Li3 completed its purchase of a 100% interest in Warrigal Mining Pty Ltd (Warrigal). Under the share sale agreement, the Company issued a total of 16,637,384 shares in satisfaction of Tranche 1 and 2 of the agreement.

Tranche 3 under the share sale agreement which required a cash payment of \$200,089.56 was satisfied by the issue of 4,001,791 Ordinary Shares and 4,001,791 Unlisted Options issued pursuant to the Additional Offer component of the Entitlement Offer issued in July 2019.

In December 2019, the Company completed a private placement of 1,318,221 at 2.7 cents each to raise \$35,592 for working capital.

In October 2019, the Company announced that the Board had terminated the employment of Mr Shanthar Pathmanathan as Chief Executive Officer and Managing Director.

The Company appointed Mr Andrew Haythorpe to the role of acting Interim CEO and Managing Director. Andrew Haythorpe has 30 years' experience in geology, funds management and has been a Director and Chairman of a number of TSX and ASX listed companies. Since 1999, Andrew has been involved in over A\$300 million of mergers and acquisitions and capital raisings in mining and technology companies listed on the TSX and ASX.

Andrew has a Bachelor of Science (Hons) from the James Cook University, is a Member of the Australian Institute of Company Directors (MAICD) and a Fellow of the Australian Minerals Institute (FAusIMM).

In December 2019, the Company announced the appointment of Mr Paul Jurman as Company Secretary. Mr Jurman is a CPA with more than 15 years' experience and has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles.

### Subsequent Events

There were no events subsequent to reporting date that required disclosure in this financial report other than that noted below:

In January 2020, the Company announced the appointment of Mr Don Smith and Mr Owen Burchell as Non-Executive directors, pursuant to the acquisition of 100% of Warrigal.

Don Smith is a geologist and entrepreneur with over 20 years in the mining industry. He has worked in operational, development, exploration and consultant roles for junior through to multinational firms spanning over 10 countries and numerous commodities including: base and precious metals and energy minerals.

Owen Burchell is a mining engineer with 20 years of technical, operational and corporate experience including management positions at Rio Tinto, BHP and Barrick Gold through to numerous mining start-ups, closures and operational turnaround projects.

In March 2020, Duncan Cornish resigned as Joint Company Secretary.

### Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included in this financial report.

Signed in accordance with a resolution of the Board of Directors.



Andrew Haythorpe  
Managing Director  
11 March 2020, Brisbane

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**Auditor's Independence Declaration**

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Level 10, 12 Creek St  
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GPO Box 457 Brisbane QLD 4001  
Australia

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

As lead auditor for the review of Lithium Consolidated Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

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

**T J Kendall**  
Director

**BDO Audit Pty Ltd**

Brisbane, 11 March 2020

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Other income		44,960	7,954
Business development		(675)	(181,579)
Corporate and administrative expenses	2	(166,411)	(187,962)
Depreciation		(355)	-
Employee benefits expense		(230,096)	(224,808)
Exploration expenses		(64,596)	(70,411)
Fixed assets written off		(2,175)	-
Foreign exchange (loss) / gain		(6,532)	21,602
Impairment of exploration assets	3	(729,373)	(3,775,024)
Legal expenses		(131,070)	(29,519)
Share based payments reversed / (expensed)	11	221,882	(127,562)
Loss before income tax expense		(1,064,441)	(4,567,309)
Income tax expense		-	-
<b>Loss for the period</b>		<b>(1,064,441)</b>	<b>(4,567,309)</b>
Other comprehensive income			
Other comprehensive income/(loss) for the period, net of tax		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,064,441)</b>	<b>(4,567,309)</b>
<b>Loss for the period attributable to:</b>			
Owners of the parent company		(1,064,369)	(4,567,239)
Non-controlling interests		(72)	(70)
		<b>(1,064,441)</b>	<b>(4,567,309)</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the parent company		(1,064,369)	(4,567,239)
Non-controlling interests		(72)	(70)
		<b>(1,064,441)</b>	<b>(4,567,309)</b>
Loss per share attributable to owners of the parent company		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share		<b>(0.94)</b>	<b>(5.04)</b>

The accompanying notes form part of this financial statement.

## Consolidated Statement of Financial Position as at 31 December 2019

	Note	31 Dec 2019 \$	30 June 2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		929,033	298,125
Trade and other receivables		103,936	14,762
<b>Total Current Assets</b>		<b>1,032,969</b>	<b>312,887</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		2,500	2,529
Exploration and evaluation assets	3	877,210	711,263
<b>Total Non-Current Assets</b>		<b>879,710</b>	<b>713,793</b>
<b>TOTAL ASSETS</b>		<b>1,912,679</b>	<b>1,026,679</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	134,513	90,857
<b>Total Current Liabilities</b>		<b>134,513</b>	<b>90,857</b>
<b>TOTAL LIABILITIES</b>		<b>134,513</b>	<b>90,857</b>
<b>NET ASSETS</b>		<b>1,778,166</b>	<b>935,822</b>
<b>EQUITY</b>			
Issued capital	9	11,292,499	8,965,067
Reserves		246,410	667,057
Accumulated losses		(9,759,926)	(8,695,557)
Equity attributable to owners of the parent company		1,778,983	936,567
Non-controlling interests		(817)	(745)
<b>TOTAL EQUITY</b>		<b>1,778,166</b>	<b>935,822</b>

The accompanying notes form part of this financial statement.

## Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2019

Attributable to Owners of Parent Company						
Note	Issued Capital	Accumulated Losses	Share-Based Payments Reserve	Total	Non-controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	8,945,687	(3,660,175)	681,108	5,966,080	(168)	5,965,912
Loss for the period	-	(4,567,239)	-	(4,567,239)	(70)	(4,567,309)
Total comprehensive income	-	(4,567,239)	-	(4,567,239)	(70)	(4,567,309)
Transactions with owners:						
Issue of shares	10,380	-	-	10,380	-	10,380
Exercise of performance rights	9,000	-	-	9,000	-	9,000
Share-based payments11	-	-	108,182	108,182	-	108,182
Balance at 31 December 2018	8,965,067	(8,227,954)	789,290	1,526,403	(238)	1,526,165
Balance at 1 July 2019	8,965,067	(8,695,557)	667,057	936,567	(745)	935,822
Loss for the period	-	(1,064,369)	-	(1,064,369)	(72)	(1,064,441)
Total comprehensive income	-	(1,064,369)	-	(1,064,369)	(72)	(1,064,441)
Transactions with owners:						
Issue of shares9	1,993,267	-	135,401	2,128,668	-	2,128,668
Exercise of performance rights9	334,165	-	(334,165)	-	-	-
Share-based payments expensed / (reversed)11	-	-	(221,883)	(221,883)	-	(221,883)
Balance at 31 December 2019	11,292,499	(9,759,926)	246,410	1,778,983	(817)	1,778,166

The accompanying notes form part of this financial statement.

## Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2019

	31 December 2019	31 December 2018
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Other receipts	-	7,145
Interest received	1,994	7,954
Payments to suppliers and employees	(562,095)	(790,412)
<b>Net cash used in operating activities</b>	<b>(560,101)</b>	<b>(775,313)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation assets	(193,426)	(127,264)
Proceeds from sale of assets	42,967	-
Cash acquired on acquisition of Warrigal Mining Pty Ltd	4,724	-
<b>Net cash used in investing activities</b>	<b>(145,735)</b>	<b>(127,264)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issue of shares	1,521,946	-
Share issue costs	(181,248)	-
<b>Net cash provided by financing activities</b>	<b>1,340,698</b>	<b>-</b>
Net increase/(decrease) in cash held	634,862	(902,576)
Cash at Beginning of Period	298,125	1,948,081
Foreign exchange movement on cash balances	(3,954)	-
<b>Cash at End of Period</b>	<b>929,033</b>	<b>1,045,504</b>

The accompanying notes form part of this financial statement.



## Notes to the Financial Statements for the Half -Year Ended 31 December 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The historical cost basis has been used.

This interim financial report does not include all notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report of Lithium Consolidated Limited (the "Company") as at 30 June 2019.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements except for the adoption of new and amended standards as set out below.

#### Share Capital Costs

Costs incurred in issuing own equity instruments are to be accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs incurred by the Company for the intended issue of equity instruments have been capitalised and recorded as prepayments in the Statement of Financial Position until such time as the equity is raised and they can be accounted for as a deduction from equity.

#### 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 half-year ended 31 December 2019 the Group generated a consolidated loss of \$1,064,441 and incurred operating cash outflows of \$560,101. As at 31 December 2019 the Group has cash and cash equivalents of \$929,033 and net assets of \$1,778,166.

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 above, that a material uncertainty may cast significant doubt on 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 entitlement issue completed during the period) 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Exploration and Evaluation Assets**

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

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

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

**New and amended standards applicable**

In the half-year ended 31 December 2019, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019.

**AASB16: Leases**

AASB 16 removes the classification of leases as either operating or finance leases for the lessee effectively treating all leases as finance lease. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. The adoption of this standard has no material financial impact on the financial statements of the Group.

Apart from the above, it has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

**NOTE 2: RESULTS FOR THE PERIOD**

	31 Dec 2019	31 Dec 2018
	\$	\$
<b>Included in expenses are the following items:</b>		
ASX, ASIC, share registry expenses	75,035	39,426
Audit and external accounting fees	10,049	14,100
Consulting fees	51,945	18,333
Insurance	13,494	8,993
Marketing	6,450	37,512
Travel expenses	41,942	45,720
Employee benefits expense comprises:		
Salaries, wages and superannuation	100,614	107,500
Directors and senior management fees	161,022	110,000
Provision for leave entitlement	(31,540)	7,308

**NOTE 3: EXPLORATION AND EVALUATION ASSETS**

	31 Dec 2019	30 June 2019
	\$	\$
Exploration and evaluation expenditure carried forward in respect of the areas of interest are:		
Exploration and evaluation expenditure	877,210	711,263
<b>Movement in exploration and evaluation assets:</b>		
Opening balance – at cost	711,263	4,184,290
Capitalised exploration expenditure	141,207	301,997
Acquisition costs incurred and exploration expenditure carried forward through acquisition of Warrigal Mining Pty Ltd	754,113	-
Impairment of exploration assets	(729,373)	(3,775,024)
Total exploration and evaluation expenditure	877,210	711,263
<b>Carrying amount at the end of period</b>	<b>877,210</b>	<b>711,263</b>

During the half year ending 31 December 2019, the Company acquired Warrigal Mining Pty Ltd and recognised \$754,113 of exploration expenditure as initial share acquisition cost (refer to note 12).

At 31 December 2019, the Board reviewed, assessed and impaired the carrying value of lithium tenements held in Western Australia, Mozambique and Zimbabwe that were either surrendered or deemed not prospective for lithium mineralisation.

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

**NOTE 4: TRADE AND OTHER PAYABLES**

	31 Dec 2019	30 June 2019
	\$	\$
Current:		
Trade payables and accrued expenses	134,513	59,317
Short term employee benefits	-	31,540
<b>Total payables (unsecured)</b>	<b>134,513</b>	<b>90,857</b>

**NOTE 5: 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 reporting 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.

	31 Dec 2019	30 June 2019
	\$	\$
Not later than 1 year	250,925	985,050
Later than 1 year but not later than 5 years	723,061	1,230,000
Later than 5 years	132,658	-
<b>Total commitment</b>	<b>1,106,644</b>	<b>2,215,050</b>

**(b) Operating Lease Commitments**

The Group has no operating leases.

**(c) Capital Commitments**

The Group has no capital commitments.

**NOTE 6: CONTINGENT LIABILITIES**

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

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no events subsequent to reporting date that required disclosure in this financial report.

**NOTE 8: 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, over a number of geographical locations, including Australia, Africa and North America.

**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

**NOTE 8 OPERATING SEGMENTS** (Continued)**(d) Unallocated items** (Continued)**i. Segment Performance**

	Australia	Zimbabwe	Mozambique	Unallocated items	Total
	\$	\$	\$	\$	\$
<b>31 December 2019</b>					
<b>REVENUE</b>					
Interest revenue	1,982	-	12	-	1,994
Other revenue	-	-	-	42,967	42,967
<b>Total segment revenue</b>	<b>1,982</b>	<b>-</b>	<b>12</b>	<b>42,967</b>	<b>44,961</b>
<b>Reconciliation of segment revenue to Group revenue</b>					
<b>Total Group revenue</b>	<b>1,982</b>	<b>-</b>	<b>12</b>	<b>42,967</b>	<b>44,961</b>
<i>Reconciliation of segment result of Group net loss after tax</i>					
<b>Segment net loss before tax</b>	<b>(733,978)</b>	<b>(48,864)</b>	<b>(50,154)</b>	<b>(41,187)</b>	<b>(874,183)</b>
Amounts not included in segment result but reviewed by Board					
- Corporate charges					<b>(189,903)</b>
- Depreciation and amortisation					<b>(355)</b>
<b>Net Loss after tax from continuing operations</b>					<b>(1,064,441)</b>

**NOTE 8 OPERATING SEGMENTS** (Continued)**(d) Unallocated items** (Continued)**i. Segment performance** (Continued)

	USA	Australia	Botswana	All Other Segments	Total
	\$	\$	\$	\$	\$
<b>31 December 2018</b>					
<b>INCOME</b>					
Interest revenue	-	7,703	-	251	7,954
<b>Total segment income</b>	<b>-</b>	<b>7,703</b>	<b>-</b>	<b>251</b>	<b>7,954</b>
<b>Reconciliation of segment revenue to Group revenue</b>					
<b>Total Group income</b>	<b>-</b>	<b>7,703</b>	<b>-</b>	<b>251</b>	<b>7,954</b>
<i>Reconciliation of segment result of Group net loss after tax</i>					
<b>Segment net loss before tax</b>	<b>(3,777,841)</b>	<b>(1,466)</b>	<b>(677)</b>	<b>(249,686)</b>	<b>(4,029,670)</b>
Amounts not included in segment result but reviewed by Board					
- Corporate charges	-	-	-	(537,639)	(539,639)
- Depreciation and amortisation				-	-
<b>Net Loss after tax from continuing operations</b>					<b>(4,567,309)</b>

**NOTE 9: ISSUED CAPITAL**

	31 Dec 2019	30 June 2019
	\$	\$
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	12,777,103	10,133,023
Share issue costs	(1,484,604)	(1,167,956)
	<b>11,292,499</b>	<b>8,965,067</b>



**NOTE 9: ISSUED CAPITAL (continued)**

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise each shareholder has one vote on show of hands.

	31 Dec 2019		30 June 2019	
	Number of shares	\$	Number of shares	\$
Opening balance	90,822,122	10,133,023	90,499,122	10,113,643
Shares issued:				
1 July 2019 (1)	3,500,000	334,165	-	-
19 September 2019 (2)	29,734,064	1,486,354	-	-
26 November 2019 (3)	1,253,091	38,846	-	-
12 December 2019 (4)	16,637,384	549,034	-	-
12 December 2019 (4)	4,001,791	200,089	-	-
30 December 2019 (5)	1,318,221	35,592	-	-
5 December 2018	-	-	173,000	10,380
5 December 2018	-	-	150,000	9,000
Closing Balance	147,266,673	12,777,103	90,822,122	10,133,023
Total transaction costs associated with share issues	-	(1,484,604)	-	(1,167,956)
Net issued capital		<b>11,292,499</b>		<b>8,965,067</b>

Notes for the above table, relating to the half-year ended 31 December 2019, are

- 3,500,000 shares with a fair value of \$178,500 were issued upon exercise of performance rights at no consideration, as per the performance rights agreement.
- In September 2019, the Company completed a capital raising comprised of a (1 for 4) non-renounceable entitlement offer combined with an additional offer on the same terms, raising a total of \$1,486,354 before costs.
- 1,253,091 Shares were issued as an exclusivity fee to the shareholders of Warrigal Mining Pty Ltd (Warrigal) as part of the acquisition agreement.
- In December 2019, the Company completed the purchase of a 100% interest in Warrigal. Under the share sale agreement, the Company issued a total of 16,637,384 shares in satisfaction of Tranche 1 and 2 of the agreement. These shares were valued at \$0.033. Tranche 3 under the share sale agreement which required a cash payment of \$200,089.56 was satisfied by the issue of 4,001,791 Ordinary Shares and 4,001,791 Unlisted Options issued pursuant to the Additional Offer component of the Entitlement Offer issued in July 2019.
- In December 2019, the Company completed a private placement to sophisticated investors at \$0.027 per share.

**NOTE 9: ISSUED CAPITAL (continued)**

	Note	31 Dec 2019 Number	30 June 2019 Number
<b>(b) Options</b>			
Unlisted Share Options		41,428,943	4,000,000
Balance at the beginning of the reporting period		4,000,000	6,154,000
Options issued during the period:			
Issued pursuant to Entitlement Offer	11	33,735,855	-
Issued pursuant to Entitlement Offer – Lead manager	11	6,693,088	-
Issued to director		-	2,000,000
Issued to consultants		-	346,000
Expired / lapsed		(3,000,000)	(4,500,000)
Balance at the end of the reporting period		41,428,943	4,000,000
<b>(c) Performance Rights</b>			
Unlisted Performance Rights		700,000	9,200,000
Balance at the beginning of the reporting period		9,200,000	7,177,000
Performance Rights issued/excised during the period:			
Issued to director		-	2,000,000
Issued to consultant/s		-	173,000
Exercised		(3,500,000)	(150,000)
Cancelled		(5,000,000)	-
Balance at the end of the reporting period		700,000	9,200,000

**NOTE 10: RELATED PARTY TRANSACTIONS****Parent Entity**

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

**Subsidiary**

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	
		31 Dec 2019	30 June 2019
West Resource Ventures Pty Ltd (i)	Australia	100%	100%
South Resource Ventures Pty Ltd	Australia	80%	80%
LCME Holdings Inc.	U.S.A.	100%	100%
Li3 (Mozambique) Pty Ltd	Australia	100%	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%
Warrigal Mining Pty Ltd	Australia	100%	-

**NOTE 10: RELATED PARTY TRANSACTIONS (continued)****Key Management Personnel**

	31 Dec 2019	31 Dec 2018
	\$	\$
Short-term employee benefits	228,118	217,500
Termination benefits	33,517	-
Share-based payments	3,184	106,896
	<b>264,819</b>	<b>324,396</b>

**NOTE 11: SHARE BASED PAYMENTS**

Share based payment expense recognised during the period:

	31 Dec 2019	31 Dec 2018
	\$	\$
Share based payment expense recognised during the period:		
Allocation of value of performance rights issued in Oct 2016	3,184	105,212
Options and performance rights reversed (1)	(225,066)	-
Shares issued to consultants	-	10,380
Allocation of value of performance rights exercised by a consultant	-	8,926
Options issued to consultants	-	1,360
Allocation of value of options issued to director in Dec 2018	-	377
Allocation of value of performance rights issued in Dec 2018	-	1,307
	<b>(221,882)</b>	<b>127,562</b>

Notes for the above table, relating to the half-year ended 31 December 2019 are:

- Options and performance rights that lapsed during the period amounting to 225,066 were adjusted through profit and loss.
- During the period, the Company issued 6,693,088 options to corporate advisors as partial consideration for acting as the Lead Managers of the capital raising undertaken in September 2019, the fair value of which has been recorded as part of share issue costs and therefore not recognised as an expense in the reporting period. The options vested on grant date and expire on 30 September 2020.

The weighted average fair value of options granted during the period was 2.023 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: 19 September 2019
- share price at issue date: 5 cents
- exercise price: 5 cents
- expected volatility: 105.30%
- expected dividend yield: nil
- risk free rate: 1.00%

The fair value of the options is valued at \$135,401 in total.

**NOTE 12: ACQUISITION OF SUBSIDIARY**

During the period, the parent entity acquired 100% of the issued capital of Warrigal Mining Pty Ltd. The purchase was satisfied by the issue of:

- 1,253,091 shares on 21 November 2019 as an option exclusivity fee at a deemed issue price of \$0.031 each
- Under the share sale agreement, the Company issued a total of 16,637,384 shares in satisfaction of Tranche 1 and 2 of the agreement. These shares were valued based on the ASX closing price prior to acquisition date of \$0.033. Tranche 3 under the share sale agreement which required a cash payment of \$200,089.56 was satisfied by the issue of 4,001,791 Ordinary Shares and 4,001,791 Unlisted Options issued pursuant to the Additional Offer component of the Entitlement Offer issued in July 2019 at a price of \$0.05.

This transaction was an acquisition of assets and does not meet the requirements of AASB 3 *Business Combinations*.

**31 Dec 2019****\$**

The purchase price was allocated as follows:

Purchase consideration (shares issued)	787,969
Cash consideration	-
	<u>787,969</u>

Assets and liabilities acquired at acquisition date:

Cash	4,724
Other receivables	26,632
Plant and equipment	2,500
Exploration and evaluation expenditure – fair value of mineral properties acquired	754,113
Total	<u>787,969</u>

The cash inflow on acquisition is as follows:

Net cash acquired with subsidiary	4,724
Cash paid for reimbursement of past expenditure	-
Net cash outflow	<u>4,724</u>

## Directors' Declaration

The Directors of the Company declare that:

1. The financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. 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.



Andrew Haythorpe  
Managing Director

11 March 2020  
Brisbane

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lithium Consolidated Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Lithium Consolidated Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### Emphasis of matter - Material uncertainty relating 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 conclusion is not modified in respect of this matter.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

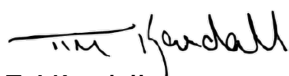
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

The BDO logo, consisting of the letters 'BDO' in a bold, blue, sans-serif font, with a red horizontal bar below it.

A handwritten signature in black ink, appearing to read 'T J Kendall'.

T J Kendall

Director

Brisbane, 11 March 2020