

17 March 2017

Dear Shareholder

LEPIDICO LTD – Pro-Rata Non-Renounceable Entitlement Issue

As announced on 16 March 2017 Lepidico Ltd (**Company**) is undertaking a 1:4 pro rata non-renounceable entitlement issue (**Entitlement Issue** or **Offer**) of up to 437,634,398 new fully paid ordinary shares (**New Shares**) to raise up to approximately \$5,689,247. The price of New Shares under the Offer is \$0.013 each (**Issue Price**). The Company lodged an offer document for the Offer (**Offer Document**) with ASX on 16 March 2017.

The Company intends to apply the funds raised under the Offer as follows:

Items of Expenditure	\$	%
Commencement of DFS activities for the Phase 1 L-Max [®] Plant including certain exploration activities	3,000,000	52.7
Working capital ¹	1,000,000	17.6
Other exploration activities	1,654,247	29.1
Expenses of the Offer	35,000	0.6
Total	5,689,247	100

Note:

1. Funds allocated to working capital will be used for corporate overheads of the Company, including listing fees, share registry costs and other administration and obligatory overheads.

The Offer is being made to all shareholders of the Company named on its register of members at 5:00pm (WST) on 21 March 2017, whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued up to approximately 437,634,398 New Shares resulting in total Shares on issue of approximately 2,188,171,989.

A copy of the Offer Document is available on the ASX website (company announcements section, ASX code: LPD). Eligible Shareholders will be mailed an Offer Document together with an Entitlement and Acceptance Form no later than 22 March 2017. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Offer Document.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Offer Document (**Entitlement**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Security Transfer Registrars Pty Ltd (**Share Registry**) by no later than 5:00pm (WST) on 5 April 2017, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form **OR** making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5:00pm (WST) on 5 April 2017, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies **OR** making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.013 per New Share).
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Offer Document, Cleansing Notice and Appendix 3B lodged with ASX	16 March 2017
Notice of Entitlement Issue sent to security holders	17 March 2017
Existing shares quoted on an 'ex' basis	20 March 2017
Record date	21 March 2017
Despatch of Entitlement Issue Documents to Eligible Shareholders Offer Period Opens	22 March 2017
Offer Period Closes	5 April 2017
Securities quoted on a deferred settlement basis.	6 April 2017
Notification of under-subscriptions to ASX (if any)	7 April 2017
Shares Issued	12 April 2017
Holding statements despatched	18 April 2017

If you have any queries concerning the Entitlement Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Mr Alexander Neuling, Joint Company Secretary, on +61 8 9363 7800.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Johnson', followed by a long horizontal flourish.

Gary Johnson
Non-Executive Chairman
Lepidico Ltd