

17 March 2017

Dear Shareholder

LEPIDICO LTD – Pro-Rata Non-Renounceable Entitlement Issue

Lepidico Ltd (**Lepidico** or **the Company**) is undertaking a pro-rata non-renounceable entitlement issue to shareholders of up to 437,634,398 new fully paid ordinary shares (**New Shares**) at an issue price of \$0.013 each to raise up to approximately \$5,689,247, before costs (**Entitlement Issue** or **Offer**).

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 Entitlement Issue will be offered to shareholders registered at the Entitlement Record Date (as defined below) with a registered address in Australia or New Zealand (**Eligible Shareholders**) on the basis of one (1) New Share for every four (4) Shares held.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company 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.

The Company announces the Record Date of 5:00pm (AWST) on 21 March 2017 for the purposes of determining shareholders entitled to participate in the Rights Issue (**Entitlement Record Date**). An offer document containing full details of the Entitlement Issue was released on the Company's ASX announcements platform on 16 March 2017 and will be despatched to all Eligible Shareholders on 22 March 2017. The offer document is available on the ASX website (company announcements section, ASX code: LPD).

Ineligible Shareholders

A Shareholder registered at the Entitlement Record Date who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Entitlement Issue.

You are not eligible to participate in the Entitlement Issue and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand, the number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you require further information, please contact the Joint Company Secretary, Mr Alexander Neuling, on +61 8 9363 7800.

Yours faithfully

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

Gary Johnson
Non-Executive Chairman
Lepidico Ltd