

16 March 2017

Dear Shareholder,

On behalf of Lepidico Ltd (**Company** or **Lepidico**), I am pleased to invite you to participate in a pro-rata non-renounceable entitlements offer for new Lepidico Ltd ordinary shares (**New Shares**) on the basis of one (1) New Share for every four (4) existing shares held by you, at an offer price of \$0.013 per New Share (**Entitlement Offer**).

The maximum number of New Shares which will be issued under the Entitlement Offer is 437,634,398 to raise approximately \$5,689,247 (before expenses, based on the current capital structure of the Company).

Following the excellent results reported from the Pre-Feasibility Study (**PFS**) released to the market on 27 February 2017, and as foreshadowed in that announcement, the Board has now approved the commencement of Definitive Feasibility Study (**DFS**) activities for the Phase 1 L-Max[®] Plant, consistent with the Company's stated strategy.

The receipt earlier this month of the unsolicited, conditional and inadequate scrip takeover offer from Lithium Australia NL (Lithium Australia), has meant the Company has incurred unbudgeted expenditures, requiring the Company to redirect existing cash reserves to support its takeover defence. It is worth noting that as at the date of this letter, the Offer from Lithium Australia remains below market value and your Board reiterates its advice to all Lepidico Shareholders to **TAKE NO ACTION** relating to the takeover offer.

The proceeds of the Entitlement Offer, along with the Company's existing cash reserves, will be deployed to commence the DFS, including certain exploration activities, and for other working capital requirements.

The Entitlement Offer price of \$0.013 per New Share represents a 13% discount to the last traded price of your Company's shares immediately before the Entitlement Offer was announced (being \$0.015 on 15 March 2017), and a 10% discount to the 30-day volume weighted average price of your Company's shares.

Importantly, **the Entitlement Offer price is at a premium to Lithium Australia's implied takeover bid price** (see below for an update on Lithium Australia's takeover bid). As at the date immediately prior to the Entitlement Offer being announced, the takeover bid from Lithium Australia was valued at only \$0.011 per existing Lepidico share.

You should also be aware that Lepidico's largest shareholder, **Strategic Metallurgy Pty Ltd** has advised the Company that it **intends to participate in the Entitlement Offer to the fullest extent possible (subject to available funds)** and **will REJECT** the takeover offer from Lithium Australia when it is formally put to Lepidico shareholders.

Your Directors consider that it is in the best interests of all Lepidico shareholders to take up the Entitlement Offer in order to continue the excellent progress made by the Company to date.

Important Information about the Entitlement Offer

The document enclosed with this letter contains important information about the Entitlement Offer including:

- instructions on how to participate in the Entitlement Offer if you choose to do so;
- instructions on how to take up all or part of your Entitlement; and
- a timetable of key dates.



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A personalised entitlement and acceptance form which details your entitlement, to be completed in accordance with the instructions contained therein, accompanies the Entitlement Offer Document.

The Entitlement Offer is being made to all eligible Lepidico shareholders registered as at 21 March 2017 as holders of your Company's shares. **The Entitlement Offer will open on 22 March 2017 and will close at 5.00pm AWST on 5 April 2017.**

Update on takeover offer by Lithium Australia NL

On 6 February 2017, Lithium Australia announced that it intended to make an unsolicited, conditional off-market takeover bid for all of the shares of Lepidico. The Company received a Bidder's Statement from Lithium Australia on 2 March 2017.

The Bidder's Statement states that Lepidico shareholders will be offered one (1) fully paid ordinary share in the capital of Lithium Australia for every thirteen and one-quarter (13.25) Lepidico shares held.

You should expect to receive Lithium Australia's Bidder's Statement after 16 March 2017.

Your Board continues to review the Bidder's Statement and will respond formally through a Target's Statement, which the Company will send to Lepidico's shareholders as soon as it is permitted to do so.

However, in addition to the significant concerns your Board has already articulated about Lithium Australia's business and its prospects, your Directors also wish to point out a number of concerns associated with the terms of the proposed takeover bid, including:

1. if you accept the takeover bid, you will not receive cash; instead you will receive only 1 Lithium Australia share for every 13.25 Lepidico shares that you hold;
2. the implied price of the takeover offer is based on Lithium Australia's share price (\$0.15) which, as at the date of this letter is 25% less than the price at which Lepidico shares are trading on ASX (\$0.015);
3. if you accept the takeover offer, you will lose the ability to trade your Lepidico shares on-market and you will not receive Lithium Australia shares for potentially up to twelve (12) months until either the bid becomes unconditional or the takeover offer ends;
4. if you accept the takeover offer and Lithium Australia does not acquire all of the shares of Lepidico, you will lose direct exposure to the future performance of your Company; and
5. if you accept the takeover offer, there are very limited circumstances where you will be able to withdraw or revoke your acceptance of the takeover offer.

Therefore upon receiving the Bidder's Statement, your Directors advise all shareholders to **TAKE NO ACTION** and **REJECT** Lithium Australia's unsolicited, conditional and inadequate takeover offer. Further, **I encourage you to consider the merits of the Entitlement Offer which will assist your Company to continue on its path to becoming a leading producer of lithium carbonate using the proven L-Max® Process.**

Please read in full the enclosed Entitlement Offer document including the details on how to submit your entitlement and acceptance form. You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of your Company, I thank you for your ongoing support.

Yours sincerely,



Gary Johnson

Non-executive Chairman

LEPIDICO LTD
ACN 008 894 442

NON-RENOUNCEABLE ENTITLEMENT ISSUE

OFFER DOCUMENT

This Offer Document is for a pro rata non-renounceable entitlement offer to Eligible Shareholders on the basis of 1 New Share for every 4 existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.013 per New Share to raise up to approximately \$5,689,247 (before costs) (**Offer**).

The Offer opens on 22 March 2017 and closes at 5:00pm (AWST) on 5 April 2017 (unless it is lawfully extended). Valid acceptances must be received before that time.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.

The New Shares offered by this Offer Document should be considered as speculative.

SUMMARY OF THE ENTITLEMENT OFFER

Ratio	1 New Share for every 4 existing Shares
Offer Price	\$0.013 per Share
Size	437,634,398 Shares (approximately)
Maximum Gross Proceeds	\$5,689,247 (approximately)

KEY DATES

Record Date	21 March 2017
Entitlement Offer opens	22 March 2017
Entitlement Offer closes	5 April 2017
Commencement of trading Shares on a deferred delivery basis	6 April 2017
Entitlement Offer results announced to ASX	7 April 2017
Issue of New Shares under the Entitlement Offer	12 April 2017
Commencement of normal trading of New Shares issued under the Entitlement Offer	18 April 2017

Note: Dates and times are indicative only and subject to change. All times refer to AWST.

The Company reserves the right to extend these dates without prior notice subject to the Corporations Act, ASX Listing Rules and other applicable laws.

Enquiries

For any enquiries please call the Company Secretary, Alex Neuling, on +61 8 9363 7800 or contact your stockbroker, accountant, solicitor or other professional adviser.

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1. IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

1.1 This document is not a prospectus

This Offer Document is dated 16 March 2017, has been prepared by Lepidico Ltd and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, you should consider the risk factors outlined in the "Risks Factors" section found in Section 5, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company.

1.2 Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

1.3 Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

1.4 No Overseas Offering

This Offer Document and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Document does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the Shares may not be offered or sold directly or indirectly to persons in the United States.

This Offer Document is not to be distributed in and no offer of New Shares is to be made in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Offer, the entitlements in the New Shares or otherwise permit the public offering of the Shares in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Document (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Offer Document you should observe such restrictions and seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

United States Shareholders

None of the information in this Offer Document or the Entitlement and Acceptance Form that will accompany this document when it is dispatched to Eligible Shareholders constitutes an offer to sell, or the solicitation to buy, any securities in the United States. Neither this Offer Document (or any part of it) nor the Entitlement and Acceptance Form when that is to be made available, may be released or distributed directly or indirectly to persons in the United States.

The New Shares have not been and will not be registered under the US Securities Act or the securities law of any state or other jurisdiction of the United States. The Entitlement may not be taken up by any persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States and the New Shares may not be offered, sold or resold in the United States or to or for the account or benefit of a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction in the United States.

New Zealand Shareholders

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the *Financial Market Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Market Conduct Act 2013* (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

1.5 Notice to nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.6 Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events

and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

1.7 Risks

Refer to the "Risk Factors" found in Section 5 for a summary of specific and general risk factors that may affect the Company.

1.8 Governing law

This information contained in this Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Western Australia, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia.

2. CORPORATE DIRECTORY

Directors

Gary Johnson (Non-executive Chairman)
Julian "Joe" Walsh (Managing Director)
Tom Dukovcic (Director Exploration)
Mark Rodda (Non-executive Director)

Joint Company Secretaries

Alex Neuling
Shontel Norgate

Registered Office

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Principal Places of Business

Level 1, 254 Railway Parade
West Leederville
WA, Australia, 6007

Level 1, 286 Ann Street
Fortitude Valley, QLD, Australia, 4006

ASX Code

LPD

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Financial Advisers

Bacchus Capital Advisers Ltd
1st Floor
6 Adam Street
London WC2N 6AD
United Kingdom

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditor*

Moore Stephens Chartered Accountants
Level 15, Exchange Tower
2 The Esplanade
Perth WA 6000

*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

3. DETAILS OF THE OFFER

3.1 The Offer

The Offer is being made as a non-renounceable entitlement offer of 1 New Share for every 4 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.013 per Share. Fractional entitlements will be rounded up to the nearest whole number.

All of the Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

3.2 Use of Funds

As at 31 December 2016 the Company had \$2,091,569 in cash and cash equivalents. Following the receipt of the unsolicited, conditional and inadequate takeover bid from Lithium Australia, the Company has incurred unbudgeted expenditures and has therefore had to redirect a proportion of its existing cash reserves to deal with the takeover. Completion of the Offer will result in an increase in cash in hand of up to approximately \$5,689,247 (before the payment of costs associated with the Offer). The proceeds of the Offer, along with the Company's existing cash reserves, will be used to commence the Definitive Feasibility Study (DFS) activities for the Phase 1 L-Max[®] Plant including certain exploration activities, and for other working capital requirements.

If this Offer is fully subscribed, 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 above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions

and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

In the event that less than the full subscription is raised, the funds raised will be applied towards the following in order of priority: expenses of the Offer, costs associated with dealing with the takeover bid from Lithium Australia NL, commencement of DFS activities for the Phase 1 L-Max[®] Plant, working capital and other exploration activities.

3.3 Eligible Shareholders

The Offer contains an offer of New Shares to Eligible Shareholders in Australia and New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84.

Eligible Shareholders are those holders of Existing Shares who:

- are registered as holders of Existing Shares as at 5.00pm (AWST) on 21 March 2017 (**Record Date**);
- have a registered address on the Company share register in Australia or New Zealand;
- are not in the United States and are not US Persons or acting for the account or benefit of US Persons;
- are eligible under all applicable securities laws to receive an offer under the Offer.

Shareholders who do not satisfy this, the above criteria are Ineligible Shareholders.

3.4 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4 of this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

3.5 No Entitlements trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

3.6 No minimum subscription

There is no minimum subscription to the Offer.

3.7 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares	Number
Shares currently on issue	1,750,537,591
New Shares offered pursuant to the Offer ¹	437,634,398
Total Shares on issue after completion of the Offer¹	2,188,171,989

Notes:

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer.

Options

Options	Number
Options currently on issue:	
Unquoted exercisable at \$0.03 on or before 30 September 2017	27,750,000
Unquoted exercisable at \$0.01815 on or before 3 August 2018	40,000,000
Unquoted exercisable at \$0.01 on or before 31 December 2018	9,000,000
Unquoted exercisable at \$0.025 on or before 31 December 2019	50,000,000
Unquoted exercisable at \$0.025 on or before 31 December 2019 (of which 12,500,000 are subject to a vesting period)	25,000,000
Total	151,750,000

The capital structure on a fully diluted basis as at the date of this Offer Document would be 1,902,287,591 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 2,339,921,989 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.8 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Gary Johnson ¹	303,526,448	17.34	75,881,612	986,461
Julian "Joe" Walsh ²	6,000,000	0.34	1,500,000	19,500
Tom Dukovcic ³	3,161,334	0.18	790,333	10,274
Mark Rodda ⁴	Nil	N/A	N/A	N/A

Notes:

1. Mr Johnson's interest in 253,526,448 Shares is by virtue of the shareholding of Strategic Metallurgy, a body corporate controlled by Mr Johnson. Strategic Metallurgy also has an interest in 50,000,000 Shares by virtue of a voting agreement between Strategic Metallurgy and Anne Ross Rankin. Mr Johnson also holds 12,500,000 unlisted options exercisable at 2.5 cents on or before 31 December 2019 which will provide an additional Entitlement should they be exercised prior to the Record Date.
2. Mr Walsh, through his controlled bodies corporate, also holds 40,000,000 unlisted options exercisable at 1.815 cents on or before 3 August 2018 and 12,500,000 unlisted options exercisable at 2.5 cents on or before 31 December 2019 which will provide an additional Entitlement should they be exercised prior to the Record Date.
3. Mr Dukovcic's interest in the Shares are held as follows: 3,108,000 Shares held directly and 53,334 Shares held indirectly by a body corporate controlled by Mr Dukovcic. Mr Dukovcic also holds 2,000,000 unlisted options exercisable at 3 cents on or before 30 September 2019, 9,000,000 unlisted options exercisable at 1 cent on or before 31 December 2018 and 12,500,000 unlisted options exercisable at 2.5 cents on or before 31 December 2019 which will provide an additional Entitlement should they be exercised prior to the Record Date.
4. Mr Rodda holds 12,500,000 unlisted options exercisable at 2.5 cents on or before 31 December 2019 which will provide an Entitlement should they be exercised prior to the Record Date.

Each of Messrs Walsh and Dukovcic have agreed to take up their Entitlements to the fullest extent possible. Mr Johnson's Entitlement arises through his interest in Strategic Metallurgy. Strategic Metallurgy has advised the Company that it intends to participate in the Entitlement Offer to the fullest extent possible (subject to available funds).

3.9 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	50,000,000	2.86%	12,500,000	50,000,000	2.29%
Shareholder 2	25,000,000	1.43%	6,250,000	25,000,000	1.14%
Shareholder 3	10,000,000	0.57%	2,500,000	10,000,000	0.46%
Shareholder 4	1,000,000	0.06%	250,000	1,000,000	0.05%
Shareholder 5	100,000	0.01%	25,000	100,000	0.005%

Notes:

1. This is based on a share capital of 1,750,537,591 Shares at the date of this Offer Document.

3.10 Effect of the Offer

If all Entitlements are accepted by Shareholders to the full extent, then the Entitlement Offer will not result in any change to the control of the Company.

If all Entitlements under the Entitlement Offer are not accepted to the full extent, then the shareholding interest of non-participating Shareholders will be diluted.

The Company's substantial holders and their Entitlement prior to the Offer are set out in the table below.

Substantial Holder	Shares	Voting Power (%)	Entitlement	\$
Lithium Australia NL ¹	310,908,037	17.76	77,727,009	1,010,451
Strategic Metallurgy ²	303,526,448	17.34	75,881,612	986,461

Notes:

1. Lithium Australia has a relevant interest in 310,908,037 Shares pursuant to six pre-bid agreements entered into between Lithium Australia NL and Shareholders on 3 February 2017 and 6 February 2017.
2. Strategic Metallurgy has advised the Company that it intends to participate in the Entitlement Offer to the fullest extent possible (subject to available funds).
3. The voting power in the table is prior to settlement of the Offer.

If no other Shareholder, other than those Shareholders that Lithium Australia has entered into pre-bid agreements with, participate in the Offer, Lithium Australia's relevant interest could increase up to 21.26%.

If no other Shareholder, other than Strategic Metallurgy participates in the Offer, the relevant interest of Strategic Metallurgy could increase up to 20.77%.

As Strategic Metallurgy has advised the Company that it intends to participate in the Entitlement Offer to the fullest extent possible (subject to available funds), if both Strategic Metallurgy and those Shareholders that Lithium Australia has entered into pre-bid agreements with are the only Shareholders who participate in the Offer, the relevant interest of Strategic Metallurgy could increase up to 19.92% and Lithium Australia's relevant interest could increase up to 20.41%.

3.11 Announcement of takeover bid by Lithium Australia NL

On 6 February 2017, Lithium Australia announced that it intends to make an unsolicited, conditional off-market takeover offer for all of the Company's Shares. The Company received a Bidder's Statement from Lithium Australia on 2 March 2017.

The Company is making the Offer pursuant to exception 2 to ASX Listing Rule 7.9.

Since 6 February 2017, the Company has been continuing to progress its strategic objectives, including completion of a pre-feasibility study on the Phase 1 L-Max plant. The Company has continued to keep Shareholders up to date with its activities and correspondence with, and from, Lithium Australia.

The Board of the Company reiterates its previous advice to Shareholders to **TAKE NO ACTION** in relation to Lithium Australia's Bidder's Statement until further notice is provided by the Company.

3.12 Ranking of New Shares

The New Shares will be issued on a fully paid basis and will rank equally in all respects with Shares. The rights and liabilities attaching to the New Shares are set out in the Company's constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

3.13 Issue and dispatch

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in the Key Dates Section. Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the timetable set out in the Key Dates Section of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holdings statements will do so at their own risk.

3.14 Appointment of Nominee

Pursuant to section 615 of the Corporations Act, the Company may appoint a nominee for the Shares to which Ineligible Shareholders who accept the Offer are entitled. If appointed, the nominee will have the absolute and sole discretion to determine the timing and price at which the Shares will be sold and the manner of any such sale. The Company will obtain ASIC approval for the appointment of the nominee, as required by section 615 of the Corporations Act.

Any interest earned on the proceeds of the sale of these Shares will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Shares will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Shares (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee must sell Shares, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the nominee will not be required to sell Ineligible Shareholders' Shares at a particular price.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no

breach of those regulations.

To the extent that the Company does not appoint a nominee pursuant to section 615 of the Corporations Act, no Shareholder will be able to acquire a relevant interest in Shares that leads to their voting power in the Company breaching 20%.

3.15 Taxation

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares.

The Company does not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

3.16 Continuous disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under ASX Listing Rules (subject to certain exceptions) to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or the value of Shares. All such disclosures are available at www.asx.com.au. You have the opportunity to access any information about the Company which has previously been disclosed to ASX, in particular the Company's Annual Report for the year ended 30 June 2016. You should also have regard to any further announcements which may be made by the Company to ASX after the date of this Offer Document.

4. ACTION REQUIRED BY SHAREHOLDERS

4.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. You may participate in the Offer as follows:

- (a) **if you wish to accept your Entitlement in full:**
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque or arrange payment by BPAY® for the amount indicated on the Entitlement and Acceptance Form; or
- (b) **if you only wish to accept part of your Entitlement:**
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque or arrange payment by BPAY® for the appropriate Application monies (at \$0.013 per New Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Your completed Entitlement and Acceptance Form and payment must reach the Registry no later than 5:00pm (AWST) on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

4.2 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

4.3 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Lepidico Ltd" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm AWST on the Closing Date.

4.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 2:00pm (AWST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

4.5 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.013 being the price at which Shares have been offered under the Offer.

Due to the Company being subject to Lithium Australia's takeover bid, to the extent that any Shortfall is intended to be placed by the Company up to 6 May 2017, the issue of any Shares the subject of the Shortfall will be subject to Shareholder approval. If any Shortfall is placed after 6 May 2017 and that date which is three months following the Closing Date, no Shareholder approval will be required for the placement of those Shares.

The Directors reserve the right to issue Shortfall Shares at their absolute discretion. Accordingly, do not apply for Shortfall Shares unless instructed to do so by the Directors.

5. RISK FACTORS

5.1 General

The Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

Whilst the Directors recommend that Shareholders take up their Entitlement, there are numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and potential investors should examine the contents of the Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

Mineral exploration, development and mining activities are high-risk undertakings and there can be no assurance that any exploration or development activity in regard to the Company's current properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource. Mineral exploration, development and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature are subject to a number of inherent risks, including but not limited to those listed below.

5.2 Lithium Australia NL takeover bid announcement

On 6 February 2017, Lithium Australia announced that it intended to make an unsolicited, conditional off-market takeover offer for all of the Company's Shares. The Company received a Bidder's Statement from Lithium Australia on 2 March 2017. It is expected that offers will be sent on or after 16 March 2017.

The Directors recommend that all Shareholders **TAKE NO ACTION** and **REJECT** Lithium Australia's takeover bid for the reasons set out in the Chairman's letter accompanying this Offer Document and in the Target's Statement to be provided.

If Lithium Australia's takeover bid is successful in acquiring all of the Shares, Shareholders will hold Shares in Lithium Australia and will be exposed to additional risks associated with Lithium Australia.

Lithium Australia's takeover offer includes all Shares which Shareholders are registered, or entitled to be registered, as holders of on 3 March 2017 or Shares to which Shareholders are able to give good title at the time they accept the takeover during the offer period. If the Entitlement Offer is fully subscribed, 437,634,398 New Shares will be issued and the Company will have 2,188,171,989 Shares on issue.

The potential interest of Lithium Australia in Shares, assuming that those Shareholders that Lithium Australia has entered into pre-bid agreements with participate in the Offer to the maximum extent possible and a 15%, 50% and 75% take-up of the Offer is accepted by other Shareholders, is set out below:

% acceptance by Shareholders	Interest in Shares held by Lithium Australia	% interest of Lithium Australia in Shares post-Offer
15	388,635,046	20.52
50	388,635,046	18.98
75	388,635,046	18.02

Lithium Australia has set out its intentions regarding the Company in various circumstances in section 7 of its Bidder's Statement.

5.3 Government licences and approvals

Lepidico holds interests in properties in Australia and Canada.

Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements. Outcome in courts in other jurisdictions may be less predictable than in Australia, which could affect the enforceability of contracts entered into.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations of Lepidico. Lepidico has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Brazil and Canada, the Directors may reassess investment decisions and commitments to assets in these jurisdictions.

5.4 Title risk

Interests in exploration licences are governed by the national legislation in the relevant jurisdiction. The licences which grant the title to each property are subject to compliance with certain requirements, including lodgement of reports, payment of royalties and compliance with environmental conditions and environmental legislation. Consequently, as is the case in Australia, Lepidico runs the risk of incurring penalties or loss of title to or its interest in its licences if these requirements are not met.

5.5 Joint venture parties, contractors and agents

In conducting its business, the Company relies on continuing existing strategic relationships and has been forming new relationships with other entities in the mineral exploration and mining industry, including joint venture partners, contractors and agents. There can be no assurance that existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be materially adversely affected by changes to such relationships or difficulties in forming new ones.

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party,

or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities, or insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

5.6 Environmental risk

Lepidico's operations will be subject to various regulations regarding environmental matters. Development of each of Lepidico's projects will be dependent on the relevant licences meeting environmental guidelines and gaining approvals by government authorities. Whilst Lepidico intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and approvals.

5.7 Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Offer Document. If such expenditure is subsequently incurred, this may adversely affect the expenditure proposals by Lepidico.

5.8 Additional requirements for capital

Directors can give no assurances that future borrowings or capital raisings will not be required. Additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Lepidico is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs. If Lepidico is successful in meeting its initial objectives with respect to its projects and the L-Max[®] technology, then additional capital will be required to further develop its operations and pursue business opportunities.

5.9 Governmental policy changes and legal risk

Government action or policy change in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect Lepidico's operations and financial performance.

The Lepidico projects will be governed by a series of laws and regulations. Breaches of non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of Lepidico.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for Lepidico. The legal and political conditions and any changes thereto are outside the control of Lepidico.

The introduction of new legislation or amendments to existing legislation by government, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern Lepidico's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of Lepidico and the value of its Shares.

5.10 Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and businesses.

5.11 Reliance on key management

The ongoing responsibility of overseeing the day-to-day operations and the strategic management of Lepidico will depend substantially on its senior management and its key personnel, especially as it relates to administration, exploration and the L-Max® technology.

There can be no assurance given that there will be no detrimental impact on Lepidico if one or more of these personnel cease their employment.

5.12 Management of growth

The ability of Lepidico to implement its strategy requires effective planning and management control systems. Lepidico's plans may place a significant strain on the Company's management, operational, financial and personnel resources. The Company's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and results of operations.

5.13 International operations

Any potential future operations of Lepidico in overseas jurisdictions are subject to a number of risks, including:

- Potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- Potential difficulties in protecting rights and interests in assets; and
- Restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.
- Any of these factors could materially and adversely affect Lepidico's business, results of operations and financial condition.

5.14 Exploration, geological and development risks

Mineral exploration and development is a speculative and high risk activity that requires large amounts of expenditure over extended periods of time and may be impeded by circumstances and factors beyond Lepidico's control. The Company's ability to succeed in this process involves (amongst other things):

- discovery and proving-up, or acquiring, an economically recoverable mineral resource or reserve;

- access to adequate capital throughout the acquisition/discovery and project development phases of a mineral exploration project;
- securing and maintaining title to such mineral exploration projects;
- obtaining required development consents and approvals necessary for the acquisition, exploration, development and production phases of the project; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that forthcoming exploration programmes, or subsequent exploration programmes, will result in the realisation of the Company's objectives such as the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. Further, conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation or geological, geochemical, geophysical, drilling and other data.

5.15 Operational and technical risks

The operations of the Company may be affected by various factors, including but not limited to:

- Failure to locate or identify mineral deposits;
- Failure to achieve predicted grades in exploration and mining;
- Operational and technical difficulties encountered in mining;
- Insufficient or unreliable infrastructure, such as power, water and transport;
- Difficulties in commissioning and operating plant and equipment;
- Mechanical failure or plant breakdown;
- Unanticipated metallurgical problems which may affect extraction costs;
- Adverse weather conditions;
- Industrial and environmental accidents;
- Industrial disputes and labour shortages; and
- Unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

5.16 Commodity price fluctuations

The Company is seeking to develop projects which will be reliant on the prices of various commodities including lithium and various by-products. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, forward selling by producers and production cost levels, general

world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

5.17 New project risk

As part of its business strategy, the Company may make acquisitions of or significant investments in other resource or non-resource projects. Projects may be located in Australia or overseas. Should a suitable new business opportunity be identified, it will then need to be assessed for its technical, legal and commercial suitability. There is no guarantee that any proposed acquisition of a new business or project will be completed or will be successful. Identification of a business or a project can take considerable time and consume significant cash resources.

5.18 No profit to date and uncertainty of future profitability

Lepidico has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. Lepidico expects to make losses in the foreseeable future even though the L-Max[®] technology might become commercialised. Factors that will determine Lepidico's future profitability are its ability to manage its costs, its ability to execute its development and growth strategies in relation to both exploration and the L-Max[®] technology, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted.

5.19 Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares offered pursuant to this Offer Document carry no guarantees with respect to the payment of dividends, returns of capital or the market value of the New Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the New Shares.

5.20 Global Financial Conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterised by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilised, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. The deteriorating financial condition of certain government authorities has significantly increased the potential for sovereign defaults in a number of jurisdictions. Global financial conditions could suddenly and rapidly destabilise in response to future economic shocks, as government authorities may have limited resources to respond to future crises. Future economic shocks may be precipitated by a number of causes including changes in commodity prices, geopolitical instability and natural disasters.

5.21 Pre-feasibility Study results

The Company has completed a PFS for a Phase 1 L-Max[®] Plant (**Plant**) located in Canada. However, the PFS contains statements that are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond Lepidico's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement contained in the PFS. The inclusion of such statements in the PFS 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. Lepidico undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of the PFS (subject to securities exchange disclosure requirements). The information in the PFS does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this announcement constitutes investment, legal, tax or other advice.

The assumptions set out in the PFS contain reference to broad indicative plant operating parameters (**Parameters**) for the purpose of the DFS which have been developed through scoping level work and subsequent PFS work. For the avoidance of doubt, investors are advised that the Parameters expected to be adopted for the DFS do not constitute a production forecast or target in relation to mineral resources associated with any project owned by the Company. The Company wishes to expressly clarify that any references in the PFS to annual production rates relate to scoping and planning parameters and are not a production target. The Company cautions investors against using any statements made in the PFS which may indicate or amount to the reporting of a production target or forecast financial information, as a basis for making any investment decisions about Shares. The primary purpose of disclosing the DFS Parameters is to inform on the scope of work for the study and provide an estimate of the intended scale of a potential future Phase 1 L-Max[®] Plant.

Lepidico advises that caution should be exercised in relying on the assumptions in the PFS when analysing the estimates of the potential financial contribution from the Plant. There can be no assurance that statements made in the PFS will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

5.22 No Definitive Feasibility Study

Lepidico has not completed a definitive feasibility study (**DFS**) and the results of a DFS, if completed, may vary materially from the results contained in the PFS.

5.23 Increases in capital and operating costs

The actual capital and operating costs could be significantly higher than the estimates, particularly if there are delays to the construction of the Phase 1 L-Max[®] Plant or significant movements in inflationary factors. There can be no assurance that actual capital costs and operating costs will be as estimated in the PFS.

5.24 L-Max[®] Technology Risk

The L-Max[®] Technology is a new process that has only been tested under small, controlled laboratory conditions and at a pilot plant scale. The technology has not been scaled up and tested and may not be technically feasible, may not perform the process as it was designed, may prove uneconomic, unreliable and may not be developed on a timely basis.

Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

The L-Max[®] Technology is a proprietary process that is the subject of International Patent Application PCT/AU2015/000608. The patent is pending in 148 countries.

Although the Company is not aware of any third party interests in relation to the L-Max[®] Technology, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its L-Max[®] Technology, there can be no assurance that these measures have been, or will be sufficient.

5.25 Currency Risk

The Company's operations currently incur most expenditures in Australian dollars but also incur expenditures in other currencies. As a result of the use of different currencies, the Company is subject to foreign currency fluctuations which may materially affect its business, results of operations and financial condition.

5.26 Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures. Situations may arise where the other interests of these Directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and are required to follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

5.27 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. There have been a number of cases where the rights and privileges of mining companies have been subject to litigation. The Directors cannot preclude that such litigation may be brought against the Company in the future from time to time or that it may be subject to any other form of litigation.

6. DEFINED TERMS

\$ or A\$ means an Australian dollar.

Application refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

AWST means Australian Western Standard Time.

Closing Date means the closing date set out in the Key Dates Section or such other date as may be determined by the Directors.

Company means Lepidico Ltd (ACN 008 894 442).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Eligible Shareholder means a Shareholder on the Record Date who:

- (a) has a registered address in Australia or New Zealand or is a Shareholder to whom the Company has determined it can extend the Offer;
- (b) is eligible under all applicable securities laws to receive an offer under the Offer.

Entitlement means the entitlement to subscribe for 1 New Share for every 4 Shares held by an Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Lithium Australia means Lithium Australia NL (ACN 126 129 413).

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer means the pro rata non-renounceable offer of New Shares at an issue price of \$0.013 each on the basis of 1 New Share for every 4 Shares held on the Record Date subscribed for pursuant to the Offer Document.

Offer Document means this Offer Document.

Opening Date means the opening date set out in the Key Dates Section.

Record Date means the record date set out in the Key Dates Section.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Offer means as defined in Section 4.5.

Strategic Metallurgy means Strategic Metallurgy Pty Ltd (ACN 144 944 589).