

ASX/Media Announcement

Perth: 11 April 2017

Q&A with Lepidico Managing Director

Lepidico Limited (ASX: LPD) ('Lepidico' or 'the Company') provides the following Q&A, with Managing Director Joe Walsh, to address questions raised with the Company by shareholders in relation to its recently released Pre-Feasibility Study, current Entitlement Offer, its corporate strategy and its rejection of the inadequate Offer proposed by Lithium Australia (ASX: LIT).

1. Lepidico Ltd. (ASX code – LPD) recently announced the results of its Phase 1 L-Max[®] Plant Pre-Feasibility Study (PFS) as well as test-work results from a mini-plant trial. Can you provide some context for these results? Did the results meet your strategic objectives?

Lepidico's strategy is straightforward, to leverage its registered L-Max[®] process technology to become a lithium producer from non-traditional sources, being lithium micas and phosphates, by calendar year 2019. The recent PFS and test-work results clearly indicate that this is an achievable goal.

Overall the L-Max[®] test-work results were in-line with our expectations, and our expectations were high. Previous trials had provided both high extraction rates and excellent quality lithium chemical product. That said, we knew there were opportunities for improvement – which there still are – and the technical team has now delivered on a number of these opportunities. Process recoveries of 90% or more on a variety of different feed sources and product quality of 99.9% lithium carbonate are extremely encouraging, and I expect that with more work we will improve on these already excellent results.

2. What are the objectives of the Phase 1 Plant Feasibility Study? Is the Project on track?

Following the success of the PFS, we now have a comprehensive test-work dataset for the commencement of the Full Feasibility Study, which will refine the L-Max[®] process and design. The objective of the Study will be to define an economically and technically viable small commercial scale L-Max[®] plant, to be built in Ontario, Canada that will treat a variety of lithium-mica concentrate feeds. It is planned that at least one of these feed sources will be controlled by Lepidico.

The aim is to make a final investment decision for the Phase 1 Plant in the first half of calendar year 2018; subject to securing sufficient funds we are on track to achieve this. Mineral Resource delineation is on the critical path at this stage, however, given the relatively modest tonnages required – for example, a 1 million tonne Resource is capable of supporting a 10-year Project life – there is ample time to delineate sufficient material from at least one of the three targets currently being contemplated: Alvarroes, PEG9 at Pioneer Dome and Separation Rapids.

3. Over the last quarter Lepidico entered into a number of agreements with other companies. How do these relate to the Phase 1 Plant Feasibility Study? How are you prioritising these?

Securing feed for the Phase 1 Plant is a fundamental requirement and a top priority for Lepidico. Significant advances were made in the March 2017 quarter in achieving this. Lepidico now has exposure to three quality lithium-mica deposits, all of which are planned to commence drilling during the current (June 2017) quarter. The priority is to work on all three in parallel, while our search for further high quality lithium-mica and lithium-phosphate deposits continues.

Subject to receiving the requisite permits, all three deposits are ready to drill. Lepidico is funding exploration at both Alvarroes and PEG9, and Avalon Advanced Materials Inc., the owner of Separation Rapids, is funding the evaluation of that deposit.

Lepidico also plans to drill the Lemare spodumene deposit in Quebec this quarter, now that the initial phase of the farm-in agreement has been extended to 31 August 2017.

4. Lepidico is currently undertaking an Entitlement Offer. How is the Offer progressing? Is the Offer part of a broader funding strategy?

The Entitlement Offer is shaping up to be a tremendous success. Since the Offer was announced (and as at the date of this document) the Lepidico share price has consistently been trading either at or above the Entitlement Offer price.

Lepidico's major shareholder, Strategic Metallurgy, has made a substantial contribution to the Entitlement Offer, and the other Directors have participated to the fullest extent possible. In-bound shareholder communication has been extremely supportive of the Entitlement Offer.

Lepidico has also received considerable interest from both existing shareholders and more broadly from sophisticated investors in participating in a placement of shortfall shares. Existing shareholders will be prioritised in this process.

Based on Entitlement Offer subscriptions to date Lepidico will be well funded for initial Phase 1 Plant Feasibility Study works and all currently planned exploration activities for calendar year 2017. A funding strategy for the Phase 1 Plant development and working capital is in place with multiple options being pursued and the objective of securing attractive cost of capital arrangements.

5. Lithium Australia NL has made a scrip takeover bid for Lepidico, which Lepidico's Directors have unanimously recommended all shareholders Reject. How has Lepidico's share price performed since the takeover bid was announced?

Based on the closing share prices prior to the Lithium Australia bid being announced, Lepidico's share price has risen 25% and the Lithium Australia NL share price has fallen 25%. The Lithium Australia bid continues to be massively 'out of the money' and well below the price at which Lepidico is now successfully raising money from the Entitlement Offer. These market facts support our point of view that Lithium Australia's takeover attempt is fundamentally flawed, as we have outlined in detail in the Target's Statement.

6. *Since the takeover bid was launched, what has been the take-up by Lepidico shareholders? How do you expect Lepidico shareholders to respond?*

Since the takeover Offer opened on 16 March 2017, almost four weeks ago, Lithium Australia has accumulated only 52 new acceptances; disregarding the Lepidico Shares that Lithium Australia secured under pre-bid agreements, Lithium Australia has received acceptances for only 0.26% of Lepidico's Shares since the Offer opened.

Lepidico has engaged a respected shareholder communications firm, to conduct a shareholder engagement campaign. 81% of the shareholders contacted who provided their intentions said they would 'Reject/Not Accept' the Lithium Australia offer. 17% said they remained 'Undecided', and alarmingly for Lithium Australia only one respondent said they would be 'Accepting' the offer. The balance didn't comment.

Additionally, Lepidico management has received overwhelming unsolicited support from shareholders for both Lepidico's business strategy and the Directors' rejection of the Lithium Australia bid. It would be far more constructive if the takeover bid was dropped and the resources being wasted by this fruitless exercise were instead deployed to growing our respective companies for the benefit of our shareholders.

7. *Lepidico raised a number of questions surrounding Lithium Australia's process technology following the takeover announcement. Have these concerns been addressed?*

No, Lithium Australia has conspicuously avoided responding adequately to a number of the commercial, financial and technical questions we have posed on behalf of Lepidico's Shareholders. Lepidico's Directors still have a real concern that the spodumene hydrometallurgical process that Lithium Australia is working on cannot be commercialised on occupational health and safety grounds. In response to Lepidico's repeated questioning, Lithium Australia did disclose that a product of its process contains the element fluorine. However, since there is no fluorine in either spodumene or sulphuric acid, which Lithium Australia has advised are used in the process, the fluorine must be added by way of another reagent.

Lepidico has now consulted with a number of industry experts in hydrometallurgical processes and it is their view that while hydro-fluoric acid may not be added to the Sileach™ spodumene process it must form part of the process chemistry based on the partial information provided by Lithium Australia.

Lithium Australia aggressively promoted its process technology up to early February 2017. Subsequently, and since Lepidico began questioning its process technology, it has been ominously quiet on this subject, despite being on the cusp of completing a major test-work program this month (according to public statements released by Lithium Australia).

8. *What are the key objectives for Lepidico in 2017?*

Successful completion of the current Entitlement Offer will allow the Phase 1 L-Max® Plant Feasibility Study to kick-off in earnest. In parallel, multiple exploration programs will commence immediately, with drilling starting as soon as permits are received. A disciplined approach to the Study, exploration and capital management will mean that by the end of 2017 Lepidico will have

secured multiple lithium-mica feed sources and be on the verge of committing to the development of its first operation.

Lepidico management has a clear strategy for the Company that is supported by our shareholders – demonstrated by the success of the Entitlement Offer – and will deliver value over time. With the continued rejection of the Lithium Australia takeover Offer we are hopeful that the Lithium Australia board will see the folly of their actions, allow the takeover Offer to close and let both companies move forward independently.

ENDS

Further Information

For further information, please contact

Joe Walsh

Managing Director

Lepidico Ltd

Tel: +61 (0)8 9363 7800

Email: info@lepidico.com

Website: www.lepidico.com

MEDIA ENQUIRIES

John Gardner

Citadel-MAGNUS

Tel: +61 413 355 997

About Lepidico Ltd

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite. The L-Max[®] Process has the potential to disrupt the lithium market by providing additional lithium supply from alternative sources. The Company is currently conducting a pre-feasibility study for a Phase 1 L-Max[®] plant, targeting production for 2019. Four potential sources of feed to the planned Phase 1 Plant are being evaluated, one of which is the Separation Rapids deposit in Ontario, Canada in partnership with its owner Avalon Advanced Materials Inc.

Lepidico's current exploration assets include options over the Lemare and the Royal projects, both in Quebec, Canada; an ore access agreement with Grupo Mota over the Alvarrões Lepidolite Mine in Portugal; a farm-in agreement with Pioneer Resources (ASX:PIO) over the PEG 9 lepidolite prospect in Western Australia; ownership of the Euriowie amblygonite project near Broken Hill in New South Wales; and an agreement with ASX-listed Crusader Resources (ASX:CAS) on potential deployment of L-Max[®] in Brazil and Portugal.