

18 April 2017

Dear Shareholder

LEPIDICO LTD – SHORTFALL OFFER TO PRO-RATA NON-RENOUCEABLE ENTITLEMENT ISSUE

As first announced on 16 March 2017, Lepidico Ltd (**Company**) has undertaken a pro rata non-renounceable entitlement issue of one (1) new fully paid ordinary share (**New Share**) for every four (4) existing fully paid ordinary Shares (**Shares**) held by eligible shareholders on the record date of 21 March 2017 (**Entitlement Issue or Offer**). The price of the New Shares under the Offer was \$0.013 each.

The Company released an Offer Document for the Entitlement Issue to ASX on 16 March 2017 and dispatched the Offer Document to eligible shareholders on 22 March 2017.

The Entitlement Issue closed on 12 April 2017 with in excess of \$3.1 million worth of acceptances received by the Company.

Pursuant to section 4.5 of the Offer Document, any New Shares not taken up under the Entitlement Issue will form the shortfall offer (**Shortfall Offer**). The issue price of New Shares being offered under the Shortfall Offer is the same as the Entitlement Issue, being \$0.013 per New Share.

As an eligible shareholder under the Entitlement Issue, the Company invites you to apply for New Shares under the Shortfall Offer.

Enclosed with this letter is a Shortfall Offer Application Form. A copy of the Offer Document is available on the ASX website (company announcements section, ASX code: LPD). You have also previously been mailed a copy of the Offer Document.

Due to the Company being subject to Lithium Australia NL's takeover bid, the Company will not issue or agree to issue any of the New Shares the subject of the Shortfall Offer before 6 May 2017 (that date which is 3 months after the Company was advised in writing of Lithium Australia NL's proposed takeover bid).

The Directors will consider the allocation of the New Shares the subject of the Shortfall Offer from 6 May 2017 and the issue of New Shares under the Shortfall Offer will be at the absolute discretion of the Directors. New Shares the subject of the Shortfall Offer will then be issued to successful eligible shareholders by 16 May 2017.

Actions required of Eligible Shareholders who wish to apply for New Shares under the Shortfall Offer

If you wish to apply for New Shares under the Shortfall Offer you will need to ensure your application money for the New Shares you wish to apply for is received by Security Transfer Australia Pty Ltd (by no later than 5:00pm (WST) on 8 May 2017, by completing and returning the Shortfall Offer Application Form by filling in the number of New Shares you wish to apply for in the space provided on the Shortfall Offer Application 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 the Shortfall Offer Application Form (at \$0.013 per New Share).

If you have any queries concerning the Shortfall Offer, or the action you are required to take to should you wish to apply for New Shares under the Shortfall Offer, 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', with a long horizontal flourish extending to the right.

Gary Johnson
Non-Executive Chairman
Lepidico Ltd