

ASX/Media Announcement

Perth: 20 April 2017

ENTITLEMENT OFFER - ALLOTMENT OF NEW SHARES

Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”) announced on 18 April 2017 that valid acceptances had been received in respect of 238,659,066 shares (“New Shares”) under the Company’s Entitlement Offer.

The Company confirms that it has today allotted and issued the New Shares, and an ASX Appendix 3B in respect of the New Shares accompanies this announcement.

The New Shares are not currently subject to the unsolicited takeover offer made by Lithium Australia NL (ASX:LIT) (“Lithium Australia”), which, despite having received minimal acceptances to date, was recently extended by Lithium Australia until 5 May 2017.

The Company has been advised by ASX that the New Shares will initially trade under a separate code (ASX:LPDNC) until such time as the Lithium Australia takeover offer closes, or is varied to include the New Shares.

Your Directors reiterate their advice that Shareholders should in any case **REJECT** the ill-conceived and inadequate Lithium Australia scrip takeover offer, which the Independent Expert BDO has concluded is **neither fair nor reasonable**.

Further Information

For further information, please contact

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MEDIA ENQUIRIES
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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 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.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

LEPIDICO LTD

ABN

99 008 894 442

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 238,659,066 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?	Yes
	<p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
5	Issue price or consideration	\$0.013 per Share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issue of Non-renounceable Entitlements Issue Shares (Entitlement Offer). As previously disclosed, the purpose of the Entitlement Offer was to raise funds to provide funding for the Definitive Feasibility Study for the Phase 1 L-Maz® Plant including associated exploration activities and working capital.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?	Yes
	If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	
6b	The date the security holder resolution under rule 7.1A was passed	25 November 2016
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil								
6f	Number of +securities issued under an exception in rule 7.2	238,659,066								
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A								
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A								
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<p>7.1: 509,100,262 7.1A: 339,400,175</p> <p>See Annexure 1 attached.</p>								
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	20 April 2017								
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">1,989,196,657*</td> <td style="vertical-align: top;">Ordinary Shares*</td> </tr> <tr> <td style="vertical-align: top;">*Of which 238,659,066 are initially to be traded separately under the code LPDNC</td> <td></td> </tr> </tbody> </table>	Number	+Class	1,989,196,657*	Ordinary Shares*	*Of which 238,659,066 are initially to be traded separately under the code LPDNC			
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+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	27,750,000	Options Unlisted Options with exercise price of 3.0 cents and expiring 30 September 2017
	40,000,000	Unlisted Options with exercise price of 1.815 cents and expiring 3 August 2018
	9,000,000	Unlisted Options with exercise price of 1.0 cents and expiring 31 December 2018
	50,000,000	Unlisted Director Incentive Options with exercise price of 2.5 cents and expiring 31 December 2019
	25,000,000	Unlisted Incentive Options with exercise price of 2.5 cents and expiring 31 December 2019 (of which 12,500,000 are subject to vesting period, to be automatically waived in the event of a Change of Control event)
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Non-renounceable
13 Ratio in which the +securities will be offered	1 New Share for every 4 shares held
14 +Class of +securities to which the offer relates	Fully Paid Ordinary Shares

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	21 March 2017
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements rounded up to the nearest whole number
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries except Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	Offer Closed on 12 April 2017
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Nil
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	22 March 2017

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	NA
33	⁺ Issue date	20 April 2017

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities (N/A)

Tick to indicate you are providing the information or documents

⁺ See chapter 19 for defined terms.

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 20 April 2017
(Company secretary)

Print name: Alex Neuling

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital																																																				
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated																																																				
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	584,350,921																																																			
<p>Add the following:</p> <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p>Note:</p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Option Exercise</td> <td>21/04/2016</td> <td style="text-align: right;">16,666,668</td> </tr> <tr> <td>Option Exercise</td> <td>27/04/2016</td> <td style="text-align: right;">4,000,000</td> </tr> <tr> <td>Option Exercise</td> <td>6/05/2016</td> <td style="text-align: right;">11,806</td> </tr> <tr> <td>Option Exercise</td> <td>13/05/2016</td> <td style="text-align: right;">6,000,000</td> </tr> <tr> <td>Option Exercise</td> <td>2/06/2016</td> <td style="text-align: right;">1,000,000</td> </tr> <tr> <td>Option Exercise</td> <td>2/06/2016</td> <td style="text-align: right;">108,894</td> </tr> <tr> <td>Option Exercise</td> <td>3/06/2016</td> <td style="text-align: right;">12,507</td> </tr> <tr> <td>Option Exercise</td> <td>8/06/2016</td> <td style="text-align: right;">2,500</td> </tr> <tr> <td>Rights Issue</td> <td>29/06/2016</td> <td style="text-align: right;">367,290,477</td> </tr> <tr> <td>Option Exercise</td> <td>6/07/2016</td> <td style="text-align: right;">2,500,000</td> </tr> <tr> <td>Listed Option Exercises</td> <td>25/11/2016</td> <td style="text-align: right;">38,234</td> </tr> <tr> <td>Listed Option Exercises</td> <td>2/12/2016</td> <td style="text-align: right;">40,645</td> </tr> <tr> <td>Rights Issue</td> <td>20/04/2016</td> <td style="text-align: right;">238,659,066</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">636,290,152</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Acquisition consideration</td> <td>8/06/2016</td> <td style="text-align: right;">750,000,000</td> </tr> <tr> <td>Critical Elements farm-in for Lemare Property</td> <td>28/07/2016</td> <td style="text-align: right;">18,514,939</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">768,514,939</td> </tr> </tbody> </table>	Option Exercise	21/04/2016	16,666,668	Option Exercise	27/04/2016	4,000,000	Option Exercise	6/05/2016	11,806	Option Exercise	13/05/2016	6,000,000	Option Exercise	2/06/2016	1,000,000	Option Exercise	2/06/2016	108,894	Option Exercise	3/06/2016	12,507	Option Exercise	8/06/2016	2,500	Rights Issue	29/06/2016	367,290,477	Option Exercise	6/07/2016	2,500,000	Listed Option Exercises	25/11/2016	38,234	Listed Option Exercises	2/12/2016	40,645	Rights Issue	20/04/2016	238,659,066			636,290,152	Acquisition consideration	8/06/2016	750,000,000	Critical Elements farm-in for Lemare Property	28/07/2016	18,514,939			768,514,939
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Appendix 3B
New issue announcement

<p><i>securities the subject of the Appendix 3B to which this form is annexed</i></p> <ul style="list-style-type: none"> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
<p>Subtract the number of fully paid +ordinary securities cancelled during that 12 month period</p>	-
<p>“A”</p>	3,394,001,748

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	509,100,262
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	-
“C”	-
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	509,100,262
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.15] – “C”	509,100,262 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	3,394,001,748
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	339,400,175
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	-
“E”	-

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	339,400,175
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	-
Total ["A" x 0.10] – "E"	339,400,175 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.