

## ASX/Media Announcement

Perth: 10 October 2017

### Lepidico secures strategic alliance with Galaxy Resources

- Galaxy agrees to subscribe \$2.9 million for 12% private placement of Lepidico Shares
- Lepidico to offer shareholders an opportunity to participate on the same terms through a renounceable entitlement offer partially underwritten by Lead Manager, CPS Capital Group offered on a one for six basis at \$0.01 per share, to raise up to approximately \$4 million
- Total gross proceeds of up to \$7.0 million to fund Phase 1 L-Max® Feasibility Study through to final investment decision and further advance Lepidico's resource development and exploration activities

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") is pleased to advise that Galaxy Resources Limited (ASX:GXY) ("Galaxy") has agreed to subscribe for a 12% strategic shareholding in Lepidico via a private placement at 1 cent per share. Galaxy will acquire approximately 292 million shares in Lepidico for gross proceeds of \$2.9 million. The Company is also offering shareholders the opportunity to invest alongside Galaxy on the same financial terms, through a 1-for-6 stapled renounceable entitlement offer ("**Entitlement Offer**") offered at \$0.01 per share to raise up to approximately \$4 million. The Entitlement Offer is partially underwritten by CPS Capital Group Pty Ltd ("CPS") to \$2 million.

#### Private Placement To Galaxy

Galaxy will be a strategic shareholder in Lepidico, with a 12% interest in the Company following the completion of a private placement of 291,750,910 Shares at 1 cent per share.

Demonstrating Galaxy's support of Lepidico's business strategy and the L-Max® technology, Galaxy intends to take up all its rights in the Entitlement Offer, and will nominate a representative to the Lepidico board.

The strategic alliance with Galaxy is based on a shared vision for the significant global opportunity provided by the commercialisation of Lepidico's L-Max® technology. With its strong industry contacts and relationships in the lithium industry, Galaxy will be assisting Lepidico with future business and growth opportunities, evaluating potential synergies with their Mt Cattlin mine and James Bay projects, as well as accessing additional mica feedstock sources able to be treated by L-Max®.

In finalising its strategic investment in Lepidico, Anthony Tse, Managing Director and Chief Executive Officer of Galaxy, commented: *"We are pleased to support Lepidico as it looks to expedite the commercialisation of its L-Max® technology, both financially as well as offering the benefit of our technical capabilities, industry contacts and market expertise. Our alliance with Lepidico will provide us with the capability to also potentially evaluate significant mica feedstocks in future. L-Max® is an exciting technology and we look forward leveraging it to unlock value, to capitalize on the ongoing growth opportunities in the lithium sector."*

## 1-for-6 Renounceable Entitlement Offer

In addition to the investment by Galaxy, Lepidico is pleased to announce that it is offering shareholders the opportunity to invest on the same financial terms as Galaxy. The Company is announcing an Entitlement Offer of fully paid ordinary shares in the capital of the Company ("**New Shares**") on the basis of one (1) New Share for every six (6) existing shares held at the record date of 16 October 2017 ("**Record Date**").

Lepidico's Managing Director, Joe Walsh said, *"Direct investment by a leading lithium industry player such as Galaxy is a great endorsement of both Lepidico's strategy and its L-Max® technology. Lepidico's Directors welcome Galaxy onto the share register and look forward to a mutually rewarding, symbiotic relationship going forward. The financing package announced today means that Lepidico is fully funded for the completion of the Phase 1 L-Max® Plant Feasibility Study and provides sufficient additional capital to expand the Company's Mineral Resource definition programme, with the object of delineating sufficient material to support a pre-feasibility study for a full-scale plant."*

Shares under the Entitlement Offer will be offered at 1 cent per New Share. The maximum number of New Shares which will be issued under the Entitlement Offer is 405,209,597 for gross proceeds of approximately \$4,052,096, based on the capital structure of the Company post the private placement to Galaxy.

New Shares issued under the Entitlement Offer will rank equally with existing shares on issue and the Company will apply for official quotation of the New Shares.

An Appendix 3B and a prospectus ("**Prospectus**") in respect of the Entitlement Offer will be lodged by the Company today. The Company confirms it is in compliance with its continuous disclosure obligations.

**The proceeds of the Entitlement Offer, along with proceeds raised from the Galaxy private placement, will be used to fund the Feasibility Study for the Company's Phase 1 L-Max® plant through to final investment decision, as well as further advance the Company's resource development and exploration activities.**

The Entitlement Offer price of \$0.01 per New Share represents a 17% discount to the last traded price of the Company's shares being \$0.012 on 9 October 2017, and a 14% discount to the 30-day volume weighted average price of your Company's shares.

The Entitlement Offer is partially underwritten by Lead Manager **CPS** to \$2 million. Galaxy has agreed to take up its full entitlement and sub-underwrite up to \$1 million in Entitlements not taken up. In addition, **Bacchus Capital Advisers Ltd**, Lepidico's financial adviser, has advised its intention to take up its rights under the Entitlement Offer in full.

The timetable for the Entitlement Offer is as follows:

Lodgement of Prospectus with the ASIC	10 October 2017
Lodgement of Prospectus and Appendix 3B with ASX	10 October 2017
Notice sent to Optionholders	10 October 2017
Notice sent to Shareholders	12 October 2017
Ex-date	13 October 2017
Rights start trading	13 October 2017
Record Date for determining Entitlements	16 October 2017
Prospectus sent out to Shareholders & Company announces this has been completed	19 October 2017
Rights stop trading	26 October 2017
Shares quoted on a deferred settlement basis	27 October 2017
Closing Date*	2 November 2017
ASX notified of under subscriptions	6 November 2017
Issue date / Shares entered into Shareholders' security holdings	8 November 2017
Quotation of Shares issued under the Offer*	9 November 2017

\* The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

**ENDS**

## Further Information

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## About Galaxy Resources Limited

Galaxy Resources Limited ("Galaxy") is an international S&P / ASX 200 Index company with lithium production facilities, hard rock mines and brines assets in Australia, Canada and Argentina. It wholly operates the Mt Cattlin mine in Ravensthorpe Western Australia, which is currently producing spodumene and tantalum concentrate, and the James Bay lithium pegmatite project in Quebec, Canada.

Galaxy is also advancing plans to develop the Sal de Vida lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet), which is currently the source of 60% of global lithium production. Sal de Vida has excellent potential as a low- cost brine-based lithium carbonate production facility.

Lithium compounds are used in the manufacture of ceramics, glass, and consume electronics and are an essential cathode material for long life lithium-ion batteries used in hybrid and electric vehicles, as well as mass energy storage systems. Galaxy is bullish about the global lithium demand outlook and is aiming to become a major producer of lithium products.

## 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<sup>®</sup> 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<sup>®</sup> plant, targeting production for 2019. Three potential sources of feed to the planned Phase 1 Plant are being evaluated, including the Separation Rapids deposit in Ontario, Canada in partnership with its owner Avalon Advanced Materials Inc, and Alvarrões in Portugal.

Lepidico's current exploration assets include 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; a farm-in agreement with Maximus Resources (ASX:MXR) on the lithium rights over the Moriarty Lithium Project in Western Australia; options over the Lemare and the Royal projects, both in Quebec, Canada; and an agreement with ASX-listed Crusader Resources (ASX:CAS) on potential deployment of L-Max<sup>®</sup> in Brazil and Portugal on suitable lithium mica opportunities.