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## Renounceable Entitlements Offer to Fund New Development and Growth Opportunities

### Highlights

- 1 for 7 renounceable rights issue to raise up to \$8 million
- Attractively priced at 1.9 cents per share
- Discount of 30% to the 30 day volume weighted average share price and 42% to the 90 day volume weighted average share price
- With every two new shares, shareholders will receive one free attaching option
- New options will be listed, have an exercise price of 4.5 cent and a term of two years
- Shareholders can trade their rights and apply for additional shares and options
- Rights to start trading from 6 September 2018
- Directors intend to participate
- Funds will be used for new development and growth opportunities

Lepidico Ltd (ASX:LPD) (**Company**) is pleased to announce a pro-rata Renounceable Entitlements Offer (**Entitlements Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) on the basis of one (1) New Share for every seven (7) existing shares held at the record date of 7 September 2018 (**Record Date**) with 1 for 2 free attaching options (**New Options**).

Shares under the Entitlements Offer will be issued at \$0.019 per New Share. The maximum number of New Shares which will be issued under the Entitlements Offer is 417,877,165 to raise up to approximately \$7,939,666 (before expenses, based on the current capital structure of the Company). New Options will have an exercise price of 4.5 cents, a term of two years and will be listed.

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

An Appendix 3B and a prospectus (**Prospectus**) in respect of the Entitlements Offer accompany this announcement.

As announced in July 2018, final design and engineering work for the Phase 1 L-Max<sup>®</sup> Plant has commenced based on an expanded nominal throughput rate of approximately 7.0 tonnes per hour of concentrate feed, capable of producing approximately 5,000 tonnes per year of lithium carbonate.

To reduce the risk of scale up to this size of commercial plant from the mini-plant trial conducted in 2017 the Lepidico Board has resolved, subject to securing sufficient funds, to develop a L-Max<sup>®</sup> pilot plant for research and development purposes. Strategic Metallurgy Pty Ltd has completed the process design for a pilot plant with nominal throughput rate of 15 kilograms per hour at a capital cost of approximately \$3 million, including engineering and contingency. Operating costs are expected to total a further \$1.5 million. Pilot plant



equipment will be similar to that used in the Phase 1 Plant design albeit on a smaller scale. The pilot plant has a six month development timetable which is planned to be implemented in parallel with the closing stages of Phase 1 Plant Project Feasibility Study.

It is intended that the proceeds of the Entitlements Offer will fund the Lepidico business, including to build and operate a L-Max<sup>®</sup> pilot plant, and in so doing provide material for product development and evaluation purposes with prospective strategic/offtake partners for the Phase 1 L-Max<sup>®</sup> Plant Project.

If sufficient proceeds are raised from the Entitlements Offer, the Company will use these additional funds to undertake further L-Max<sup>®</sup> product development work; accelerate drilling activities on exploration prospects at Alvarrões in Portugal and Youanmi in Australia; and complete a scoping study on a full-scale L-Max<sup>®</sup> plant.

The Entitlements Offer price of \$0.019 per New Share represents a 24% discount to the last traded price of the Company's shares being \$0.025 on 31 August 2018, a 30% discount to the 30 day volume weighted average share price and 42% to the 90 day volume weighted average share price of your Company's shares.

The Entitlement Offer is partially underwritten by Lead Manager CPS to \$3.0 million.

Directors that hold shares in Lepidico plan to participate in the Entitlements Offer.

The timetable for the Entitlement Offer is as follows:

Lodgement of Prospectus with the ASIC	3 September 2018
Lodgement of Prospectus & Appendix 3B with ASX	3 September 2018
Notice sent to Optionholders	3 September 2018
Notice sent to Shareholders	5 September 2018
Ex date	6 September 2018
Rights start trading	6 September 2018
Record Date for determining Entitlements	7 September 2018
Prospectus sent out to Shareholders & Company announces	11 September 2018
Rights stop trading	18 September 2018
Shares quoted on a deferred settlement basis	19 September 2018
Closing Date*	25 September 2018
ASX notified of under subscriptions	27 September 2018
Issue date/Shares entered into Shareholders' security holdings/Deferred settlement trading ends	1 October 2018
Quotation of Shares and New Options issued under the Offer*	2 October 2018

\* 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.

The Company intends to apply the net funds raised from the Entitlements Offer as follows:

- a) Build and operate a 15kg/hr L-Max<sup>®</sup> pilot plant
- b) L-Max<sup>®</sup> product development
- c) Exploration activities
- d) Complete a scoping study for a full-scale L-Max<sup>®</sup> Plant
- e) Working capital

**ENDS**

#### **Further Information**

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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<sup>®</sup> Process has the potential to complement the lithium market by adding low-cost lithium supply from alternative sources. The Company is currently conducting a Feasibility Study for a Phase 1 L-Max<sup>®</sup> plant, targeting commercial production for 2020. Feed to the planned Phase 1 Plant is planned to be sourced from the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Grupo Mota. Lepidico has delineated a JORC Code-compliant Inferred Mineral Resource estimate at Alvarrões of 1.5 Mt grading 1.1% Li<sub>2</sub>O (see ASX announcement of 7 December 2017). More recently Lepidico has added S-Max<sup>™</sup> to its technology base, which can produce marketable quality amorphous silicas at low cost versus existing industry processes.

Lepidico's current exploration assets include a farm-in agreements with Venus Metals Corporation Limited (ASX:VMC) over the lithium mineral rights at the Youanmi Lithium Project in Western Australia. Lepidico has also entered into a Letter of Intent with TSX listed Avalon Advanced Materials Inc. for planned lithium mica concentrate supply from its Separation Rapids Project in Ontario, Canada.

Lepidico has a strategic alliance with Galaxy Resources Limited (ASX:GXY, which holds a 12% interest in LPD) based on a shared vision for the significant global opportunity provided by the commercialisation of L-Max<sup>®</sup>. With its strong industry contacts and relationships in the lithium industry, Galaxy will assist Lepidico with future business and growth opportunities, that include the evaluation and potential synergies with its Mt Cattlin Mine and James Bay Project.

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Dean Carville, a full-time employee of AMC Consultants Pty Ltd. Mr Carville is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation and the types of deposit under consideration, and to the activity that has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Carville consents to the inclusion in this report of information compiled by him in the form and context in which it appears.*