

L-Max[®] Pilot Plant to Facilitate Finance & Offtake Alternatives

- Pilot plant to provide a demonstration facility for prospective offtake/finance partners, which uses like for like equipment, albeit smaller scale, to the planned Phase 1 Plant
- Pilot facility to increase confidence by a ten-fold reduction in scale-up to nominal Phase 1 Plant throughput of 3.6 tonnes per hour versus previous mini-plant trials, and provide operating experience to facilitate ramp-up to full production
- Pilot Plant operations will provide significant quantities of materials that can be used to further develop the quality and value of the L-Max[®] by-product suite
- Timing for pilot plant operation to coincide with completion of the Phase 1 Plant feasibility study allowing prospective offtake/finance parties to conduct comprehensive due diligence

Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”) is pleased to announce that metallurgical consultancy, Strategic Metallurgy Pty Ltd has been instructed to build and operate the Company’s planned L-Max[®] pilot plant, subject to securing funding. The 15 kilogram per hour research and development facility will be built and operated in Perth, Australia and employ similar equipment to that in the Phase 1 L-Max[®] plant design. Where possible, major equipment will be sourced from the same original equipment manufacturer (OEM) as that planned for the Phase 1 Plant. Furthermore, all stakeholders in the Phase 1 Plant should gain confidence from the successful operation of the planned L-Max[®] pilot plant, as the scale-up ratio will reduce to around 240 times (15kg/hr to 3.6t/hr), one tenth of that versus scale-up from mini-plant operation.

The decision to develop an L-Max[®] pilot plant is based in large part on feedback over the course of this year from prospective offtake/finance parties. By way of background, Lepidico commenced its strategic partner outreach programme in Japan in 2015, by retaining an industry specialist to facilitate access to prospective Japanese strategic investors in lithium chemical production and marketing. Subsequently this programme has been expanded to include three further corporate advisors (on success-based mandates) with specific expertise in other parts of Asia, Europe and North America. One of these advisors is also an industry specialist in the lithium chemical sector. The objective of the ongoing strategic partner programme is to secure an industry partner or partners for the Phase 1 L-Max[®] plant project that will provide a proportion of the associated development capital stapled to long term offtake arrangements for its products, in particular lithium carbonate.



Pilot plant operation is planned to coincide with completion of the Phase 1 L-Max[®] Plant feasibility study. The flowsheet for the Phase 1 Plant was finalised in August 2018 following completion of the major equipment vendor testwork programme (as reported in July). This has allowed final engineering for the Phase 1 Plant to begin, with completion scheduled for December 2018. Feasibility study findings are planned to be summarised and available by the end of the March 2019 quarter. Pilot plant commissioning is scheduled to coincide with completion of the Phase 1 Plant feasibility study, thereby allowing prospective offtake/finance partners the opportunity to conduct comprehensive due diligence from April 2019.

Another benefit of the pilot plant is that it will provide material for further product development work, in particular for: amorphous silica, SOP fertiliser, caesium brine and the environmental remediation residue. The considerable quantities of materials generated will enable further development work to enhance the quality and value of each product, and potentially allow new products to be evaluated. The lithium carbonate produced from the pilot plant is planned to be used to provide samples for testing by prospective customers. The pilot plant will also generate data for optimisation of Phase 1 Plant operating parameters.

The pilot plant process design was completed by Strategic Metallurgy in July 2018. The capital cost is estimated to be A\$3 million with a further A\$1.5 million required for operation. It is envisaged that the majority of these expenditures will be eligible for a 43.5% research and development tax offset in Australia.

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[®] 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[®] 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% Li₂O (see ASX announcement of 7 December 2017). More recently Lepidico has added S-Max[™] 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[®]. 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.