

2018 Annual General Meeting Chairman's Address to Shareholders

Good morning ladies and gentlemen, welcome to Lepidico's 2018 Annual General Meeting.

Thank you for joining us today.

In its second year as a publicly listed company Lepidico made significant advances towards achieving its strategic goals as identified in its five-year strategic plan, in particular to become a globally significant lithium chemical producer. Importantly 2018 was incident free, continuing Lepidico's zero-harm health safety and environment track-record since records began in September 2016

Fair market conditions for both battery materials equities and the lithium market prevailed during the second half of the 2017 calendar year, which provided a supportive environment for Lepidico to raise the \$7.6 million required to complete the feasibility Study for its Phase 1 L-Max[®] Project. Subsequently the Company's stock was rerated in the market, at a time when spot lithium chemical prices were posting new highs and sentiment towards lithium equities was strong. Calendar year 2018 has proved to be a more challenging period for lithium equities, with the spot lithium carbonate price in Asia losing around half of its value from the high posted in early 2018. As a result, sentiment towards lithium companies deteriorated and share prices, including Lepidico's came under significant pressure. More recently the spot lithium price has risen modestly and lithium equity prices appear to have stabilised.

Lepidico is determined to maximise the value of the business by being disciplined in delivering on long-term goals, particularly during such periods of heightened market volatility. To this end, in late 2017 the engineering for the Phase 1 L-Max[®] Plant was completed by Lycopodium Ltd, on schedule and within budget. This work revealed that the vendors for the major equipment in the plant could only provide broad ranges for the capacity of each piece of equipment in this particular application. This led to a vendor testwork programme being undertaken in collaboration, with equipment suppliers, to more precisely determine equipment capacity and the optimal throughput for the Phase 1 Plant Project. This work took six months to complete and while it caused a delay in the project schedule, it led to important findings for optimising the plant, with most equipment in the plant upscaled for production of 5,000 tonnes per year of lithium carbonate.

Lepidico's consultants and management team have continued to exhibit great skill and creativity in both improving the L-Max[®] design criteria and developing new potential products from the lithium mica concentrate feed. During the course of the feasibility study amorphous silica has been identified as an alternative product to sodium silicate, which led to a provisional patent application



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being lodged for the S-Max™ process. Further work is planned to evaluate a variety of potential applications for silica products derived from lithium micas. Favourable results from market studies in Canada allowed sodium sulphate to be added to the by-product suite and most recently caesium is being evaluated as a potential further product from the Phase 1 Plant.

The unique composition of Lepidico's preferred mica, lepidolite, continues to generate opportunities through development work that enhances the product suite.

A critical task for the Phase 1 Project is to secure offtake agreements for the various L-Max® products. Feedback from prospective customers and financiers suggests that considerable confidence will be gained from the development and operation of an L-Max® pilot plant. To this end, Lepidico raised a further \$8.2 million in September 2018 by way of an entitlements offer which was well supported by existing shareholders. The main use of proceeds from the offer was to build a small-scale research and development plant that will employ similar industrial equipment to that planned for the Phase 1 Plant. It is envisaged that the pilot plant will provide a demonstration facility for prospective offtake and finance partners to conduct their due diligence on, once the Phase 1 Plant feasibility study is complete in early 2019. Furthermore, the pilot plant will be an important tool for the development of the L-Max® by-product suite as well as provide large scale product samples for third party assessment.

Another major achievement in the 2018 fiscal year was the delineating of the first JORC Code compliant lithium mica Mineral Resource estimate at the Alvarrões Lepidolite Mine in Portugal, in collaboration with the owner Grupo Mota. At 1.5 million tonnes grading 1.1% Li₂O this Inferred Resource offers the potential to provide lithium-mica concentrate feed to the Phase 1 L- Max® Plant Project for in excess of 10 years from just the Blocks 1 and 2 mining area. Further work is planned in fiscal year 2019 to infill drill the existing Resource area and in collaboration with Grupo Mota to explore a highly prospective area of outcropping lithium mica bearing pegmatites adjacent to the existing mine which has yet to be drill evaluated.

Lepidico has also continued to evaluate other properties for their lithium mica potential under confidentiality, with the objective of gaining access to a portfolio of quality lithium mica assets, capable of not just providing further concentrate feed to the planned Phase 1 Plant but also an envisaged full-scale L-Max® plant, which is currently the subject of a scoping study. It is important that Lepidico learns to walk before it runs. However, it is also important that a project pipeline is developed to support the long-term growth objectives of the Company. The dedicated focus on the Phase 1 Plant Project coupled with the measured activities on the full-scale plant scoping study strike this balance between near term objectives and longer-term priorities.

Looking forward, activities during the 2019 fiscal year will focus on securing offtake and financing for the Phase 1 Project along with the requisite permits and approvals, to make a final investment decision and transition the business onto a development footing. It is envisaged that the support

of a strategic investor will be required to provide core funding for the Phase 1 Plant Project, which may include either a direct interest in the project or the Company, as well as a commitment to offtake in the form of a pre-payment.

Lepidico is dedicated to developing a sustainable, clean-tech business that is synonymous with quality. To this end Lepidico's Sustainable Development credentials are presented for the first time in the 2018 Annual Report, along with a commitment for continual improvement in all aspects of the business. We extend our sincere gratitude to all stakeholders that are supporting the company on this exciting journey to becoming a new sustainable lithium chemical producer.

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Forward-looking Statements

All statements other than statements of historical fact included in this release including, without limitation, statements regarding future plans and objectives of Lepidico, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Lepidico that could cause Lepidico's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this release will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. Lepidico does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this release, except where required by applicable law and stock exchange listing requirements.