

Lepidico Signs Lithium-Mica Farm-in with Pioneer Resources

- J **Farm-in agreement entered into over outcropping lithium-mica pegmatite at the Pioneer Dome Project in Western Australia**
- J **Lepidico to earn a 75% interest by delineating 500,000 t grading 1.2% lithium oxide resource, equivalent to 5 years' feed for Lepidico's proposed Phase 1 L-Max[®] Plant**

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") is pleased to advise that it has signed a farm-in agreement with Pioneer Resources Limited (ASX:PIO) ("Pioneer") for Lepidico to earn a 75% interest in the 'PEG009' lepidolite prospect located within Pioneer's Pioneer Dome project near Norseman in Western Australia.

Lepidico is farming into PEG009 via a drilling program to evaluate its lithium-mica resource potential, with the objective of delineating 500,000 tonnes grading 1.2% Li₂O or more to earn a 75% interest (see terms below). Assuming success, this would represent more than five years of feed for Lepidico's planned Phase 1 L-Max[®] Plant, currently the subject of an ongoing pre-feasibility study due for completion this quarter. A grab sample from PEG009 was collected by Lepidico in January that is currently the subject of Pre-Feasibility Study (PFS) bench testwork to determine its amenability to the L-Max[®] process to produce lithium carbonate and various by-products. Flotation and leach tests are encouraging.

PEG009 occurs within a cluster of 13 pegmatites defined by Pioneer along a 20 km trend flanking the eastern edge of the Pioneer Dome, an Archaean granite intrusive within the Norseman-Wiluna greenstone belt. The PEG009 prospect is located approximately 35 km north of the town of Norseman adjacent to the Coolgardie-Esperance Highway and rail line. The PEG009 farm-in area covers approximately 2.5 km of strike along this trend within exploration licence E63/1669 (Figure 1).

The PEG009 prospect was described by Pioneer (PIO ASX release dated 19 May 2015) as an example of a complex lithium-caesium-tantalum (LCT) type pegmatite, outcropping in two parallel structures over a 200 m strike length. Rock chip samples returned up to 3.94% Li₂O from lepidolite-rich pegmatite and up to 3.84% Li₂O from a lepidolite-poor, yet micaceous pegmatite.

A pronounced soil geochemical anomaly confirms the LCT-type characteristics of PEG009 and its prospectivity for lepidolite mineralisation (Figures 2 and 3).

Recent drilling by Pioneer to the north at the PEG008 prospect has intersected high grade lithium mineralisation, including lepidolite, as well as high grade caesium, in the form of pollucite, at the Sinclair Zone. Pioneer is currently undertaking extension drilling at Sinclair. The PEG009 prospect is undrilled.

Lepidico plans to commence exploration at PEG009 following completion of the Phase 1 L-Max[®] Plant PFS testwork program.

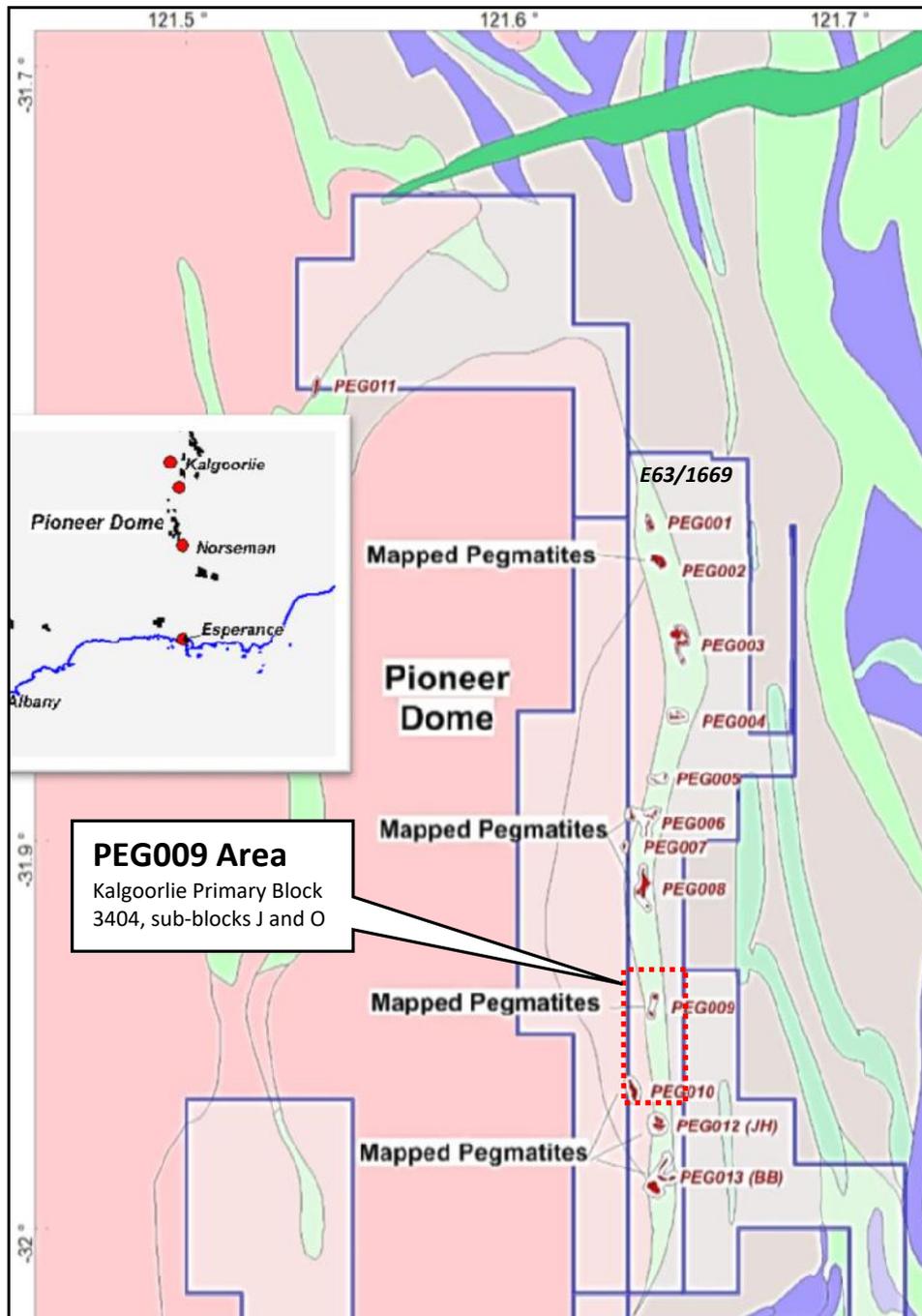


Figure 1. Location of the PEG009 farm-in area within the Pioneer Dome project held by Pioneer Resources, approximately 35 km north of Norseman in Western Australia (modified after PIO ASX release dated 15 May 2016).

Summary of the Farm-in

The farm-in is based on the timely exploration at PEG009 to drill out a JORC Code (2012)-compliant Inferred-Indicated Resource of the order of 1 million tonnes of lepidolite-rich material grading in the vicinity of 1.5% Li₂O, as per the Terms and Conditions outlined below.

Terms

PEG009 Area: The farm-in area over PEG009 will include all of Kalgoorlie Primary Block 3404, sub-blocks J and O ("PEG009 Area") as shown in Figure 1.

Stage 1 Farm-in: Within 12 months of Commencement Date, Lepidico would commit to undertaking such work as to enable the delineation of a lepidolite-rich JORC Code-compliant Inferred Resource of at least 500,000 t grading at least 1.2% Li₂O based on lepidolite content.

Stage 2 farm-in: Within 24 months of Commencement Date, Lepidico is to delineate a lepidolite-rich JORC Code-compliant Indicated Resource of at least 500,000 t grading at least 1.2% Li₂O based on lepidolite content to earn a 75% equity interest in the PEG009 Area.

If Lepidico fails to meet either the Stage 1 or Stage 2 requirements the agreement will terminate and Lepidico will not retain any rights in the PEG009 Area.

Pioneer Free-carried: On Lepidico earning a 75% interest by satisfying the Stage 2 requirements, Pioneer's 25% interest will be free-carried by Lepidico through to completion of a feasibility study resulting in a Decision to Mine.

Contributing Joint Venture: Consequent upon a Decision to Mine a JV Management Committee will be formed, with pro-rata voting rights, and subsequent expenditure would be on a contributing joint venture basis, with Lepidico contributing 75%, and Pioneer 25%, with each of Lepidico and Pioneer having the option to dilute. If Pioneer dilutes to an interest of less than 10% then its interest would convert to a 2% net L-Max[®] refinery royalty. If Lepidico dilutes to an interest of less than 10% then it will be deemed to have withdrawn from the joint venture, its interest would be deemed to be zero, and all rights in the PEG009 Area will revert to Pioneer.

Buy-out: At any stage after it has earned a 75% interest, Lepidico may offer to buy out Pioneer's interest on terms agreed by the parties.

Other minerals: Lepidico will retain rights to minerals conducive to treatment by the L-Max[®] process, including lepidolite and other Li-bearing mica minerals as well as lithium phosphate minerals such as amblygonite and montebasite. Any other lithium silicate minerals such as spodumene and petalite would be handed to Pioneer. All other products would be shared on a pro-rata basis, other than pollucite mineralisation, which is explicitly reserved by Pioneer for its sole benefit.

Pre-emptive rights: Lepidico and Pioneer are to have a first right of refusal on the other party's interest in case of an offer from a third party.

Withdrawal: If Lepidico withdraws prior to earning its 75% interest it will not hold any beneficial interest in the PEG009 Area.

Conditions

Pioneer will provide assistance to Lepidico in relation to permitting matters and will afford Lepidico unrestricted access to the PEG009 Area.

Lepidico and Pioneer will share all information relevant to the PEG009 Area and will act in good faith going forward.

Should there be a change in control of Lepidico then Pioneer has the option to terminate the agreement.

Further Information

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The information in this report that relates to Exploration Results is based on information compiled by Mr Tom Dukovic, who is an employee of the Company and a member of the Australian Institute of Geoscientists and who 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 Dukovic consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

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 pre-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 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; ownership of the Euriowie project near Broken Hill in New South Wales; joint venture agreements with ASX-listed Crusader Resources (ASX:CAS) in Brazil; and ongoing discussions with Latin Resources (ASX:LRS) aimed at leveraging L-Max[®] in Peru and Argentina to jointly evaluate lithium opportunities.

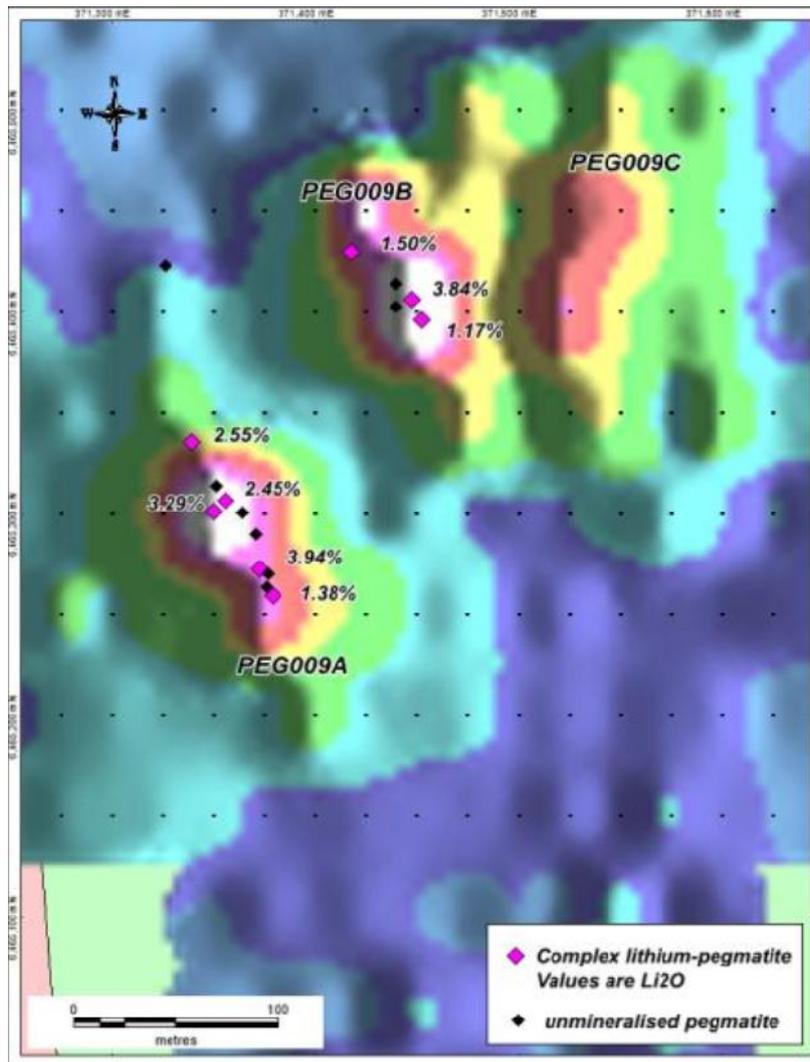


Figure 2. Image of lithium-in-soil geochemistry at PEG009, showing location and lithium grade (as Li_2O) of rock chip samples. (From PIO ASX release dated 15 May 2016; scale bar 100 m).

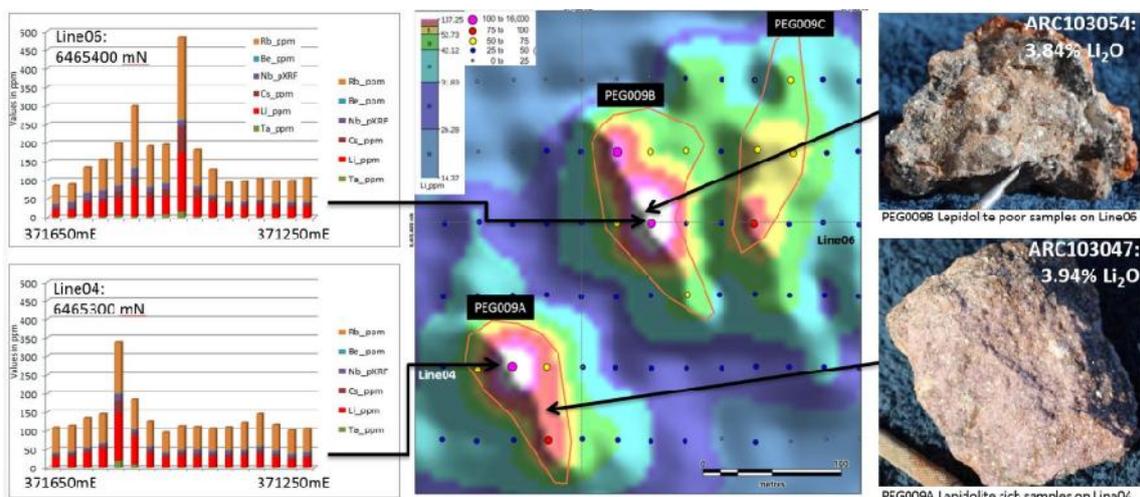


Figure 3. Image showing multi-element anomalous response in soils over the PEG009 pegmatites with selected associated rock chip samples (from PIO ASX release dated 15 May 2016).

Table 1. Rock Chip Results from PEG009*

Sample	East	North	Prospect	Li ₂ O	Cs	Ta ₂ O ₅	Nb ₂ O ₅	Rb	Be
	(m)	(m)		(%)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)
ARC103044	371380	6465259	PEG009	0.04	27	0.3	0.6	41	0.3
ARC103045	371380	6465259	PEG009	1.38	971	48.2	133.1	4599	7.0
ARC103046	371380	6465259	PEG009	0.02	19	2.6	4.7	48	2.5
ARC103047	371373	6465271	PEG009	3.94	3876	88.4	133.6	12821	19.7
ARC103048	371370	6465290	PEG009	0.02	277	1.5	2.6	3992	2.2
ARC103049	371365	6465299	PEG009	0.03	35	2.7	5.5	192	1.7
ARC103050	371357	6465307	PEG009	2.45	1757	91.0	80.8	8328	13.2
ARC103051	371367	6965280	PEG009	0.10	80	3.8	8.5	421	3.3
ARC103052	371351	6465314	PEG009	0.03	20	14.3	44.9	95	2.2
ARC103053	371453	6465396	PEG009	1.17	3249	129.1	46.1	8391	12.1
ARC103054	371449	6465405	PEG009	3.84	6815	465.1	59.3	17194	15.4
ARC103055	371440	6465403	PEG009	0.43	2951	81.4	42.6	8741	19.4
ARC103056	371440	6465413	PEG009	0.11	163	5.7	26.6	411	4.7
ARC103057	371418	6465430	PEG009	1.50	4301	79.9	61.0	12972	16.6
ARC103058	371419	6465429	PEG009	0.36	507	19.1	136.5	1814	9.0
ARC103059	371326	6465424	PEG009	0.01	28	1.5	5.4	251	3.5
ARC103060	371339	6465334	PEG009	2.55	2390	93.4	80.2	8814	15.1
ARC103061	371351	6465302	PEG009	3.29	2919	99.4	96.6	11643	16.4

* "Appendix 2" from PIO ASX release dated 15 May 2016.