

ASX/Media Announcement

Perth: 28 March 2017

Lepidico Target's Statement Released

Lepidico Directors unanimously recommend that shareholders **REJECT** the Lithium Australia Offer and continue to **TAKE NO ACTION**

Independent Expert has concluded that the Offer is neither fair nor reasonable

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") has today released its Target's Statement in response to the unsolicited takeover offer by Lithium Australia NL offering one (1) Lithium Australia share for every 13.25 Lepidico Ltd shares ("Lithium Australia Offer").

The Target's Statement sets out in detail the reasons why **the Lepidico Board unanimously recommends that shareholders REJECT the Lithium Australia Offer and continue to TAKE NO ACTION** in relation to the Lithium Australia Offer.

The Lepidico Board engaged an Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to review the Lithium Australia Offer. **The Independent Expert concluded that the Lithium Australia Offer is neither fair nor reasonable.**

The Independent Expert assessed the fair value of Lepidico as being between **\$0.016 to \$0.021 per Lepidico Share, with a preferred value of \$0.018**, and the value of 13.25 Lepidico Shares to be between \$0.212 and \$0.278, with a preferred value of \$0.239. As of close of trading on Friday, 24 March 2017, Lithium Australia's share price was \$0.135.

Lepidico Chairman, Mr Gary Johnson, said: *"After careful review of the Lithium Australia Offer, including engagement of an Independent Expert, the Independent Directors are of the unanimous view that the Lithium Australia Offer is inadequate and should be rejected by all Lepidico shareholders."*

As outlined in the Target's Statement, the Lepidico Board believes the Lithium Australia Offer should be rejected for the following reasons:

- The Directors believe that a combination of Lepidico and Lithium Australia makes no strategic sense and may lead to a significant deterioration in the value of the Company;
- Lithium Australia's scrip Offer exposes Lepidico shareholders to substantial risks associated with Lithium Australia's business model;
- Lepidico shareholders should not hand control of their Company to a new management team with no clear strategy;
- Lithium Australia's Offer is conditional and inadequate in a number of material respects; and
- The Offer is unsolicited and does not have the support of Lepidico's major shareholder, Strategic Metallurgy.

A printed version of the attached Target's Statement is being dispatched to all Lepidico shareholders.

A Shareholder Information Line has also been established to address any specific queries in relation the Lithium Australia Offer. The phone number for the Shareholder Information Line is 1300 048 130 for callers within Australia or +61 3 9415 4656 for callers outside Australia. Updates in relation to the Lithium Australia Offer will be posted on Lepidico's website (www.lepidico.com).

ENDS

Further Information

For further information, please contact

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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 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 Ontario, Canada 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; an ore access agreement with Grupo Mota over the Alvarroes Lepidolite Mine in Portugal; a farm-in agreement with Pioneer Resources (ASX:PIO) over the PEG 9 lepidolite prospect in Western Australia; ownership of the Euriowie amblygonite project near Broken Hill in New South Wales; an agreement with ASX-listed Crusader Resources (ASX:CAS) on potential deployment of L-Max® in Brazil and Portugal; and ongoing discussions with Latin Resources (ASX:LRS) aimed at leveraging L-Max® in Peru and Argentina on suitable lithium mica opportunities.