

30 March 2017

Market Announcements Office  
Australian Securities Exchange  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## LEPIDICO LTD – SUPPLEMENTARY TARGET'S STATEMENT

Lepidico Ltd (ACN 008 894 442) (ASX: LPD), hereby attaches, by way of service pursuant to section 647(3)(b) of the *Corporations Act 2001* (Cth) (**Corporations Act**), the supplementary target's statement of Lepidico Ltd, dated 30 March 2017 in relation to the off-market takeover bid by Lithium Australia NL (ACN 126 129 413) (ASX: LIT) for all the ordinary shares in the Company that Lithium Australia NL and its associates do not already own.

The supplementary target's statement is prepared under section 644 of the Corporations Act and is supplementary to Lepidico Ltd's target's statement dated 28 March 2017 and has been given to each of the Australian Securities and Investments Commission and Lithium Australia NL today.

Yours faithfully



**Shontel Norgate**  
Joint Company Secretary

Enc.



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**LEPIDICO LTD**  
**ACN 008 894 442**  
**FIRST SUPPLEMENTARY TARGET'S STATEMENT**

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**1. IMPORTANT INFORMATION**

This document is a first supplementary target's statement (**First Supplementary Target's Statement**) made under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and is supplementary to the target's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 28 March 2017 (**Original Target's Statement**) issued by Lepidico Ltd (ACN 008 894 442) (**Lepidico**) in relation to the off-market takeover offer by Lithium Australia NL (126 129 413) for all of the fully paid ordinary shares in the capital of Lepidico (**Offer**).

This First Supplementary Target's Statement was lodged with ASIC on 30 March 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Target's Statement.

This First Supplementary Target's Statement must be read together with the Original Target's Statement. If there is a conflict between the Original Target's Statement and this First Supplementary Target's Statement, this First Supplementary Target's Statement will prevail. Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning in this First Supplementary Target's Statement.

Please consult your legal, financial or other professional adviser if you do not fully understand the contents of this First Supplementary Target's Statement. A copy of this First Supplementary Target's Statement will be available on the Company's website ([www.lepidico.com](http://www.lepidico.com)).

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**2. REJECTION OF THE OFFER**

On the basis of the information outlined in the Original Target's Statement and this First Supplementary Target's Statement, the Directors continue to unanimously recommend that Lepidico Shareholders **REJECT** the Offer.

If you have any questions regarding the Offer, please call the Lepidico's information line on 1300 048 130 for callers within Australia or on +61 3 9415 4656 for callers outside Australia, or your professional financial advisor.

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**3. LEPIDICO COMPLETES DISPATCH OF THE TARGET'S STATEMENT AND RESPONDS TO LITHIUM AUSTRALIA'S FIRST SUPPLEMENTARY BIDDER'S STATEMENT**

The Directors refer Lepidico Shareholders to the attached ASX announcement to be released to the market on 30 March 2017.

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**4. INFORMATION IN RELATION TO THE TARGET**

Since the lodgement of the Original Target's Statement, Lepidico has released to ASX the following announcement only.

28 March 2017          Lepidico's Target's Statement Released

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**5. DIRECTOR'S AUTHORISATION**

This First Supplementary Target's Statement has been approved by a resolution passed by the Directors of Lepidico Ltd.



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Signed for and on behalf of  
Lepidico Ltd  
**Gary Johnson**  
**Non-Executive Chairman**



## ASX/Media Announcement

Perth: 30 March 2017

### **Lepidico completes dispatch of its Target's Statement**

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

**Independent Expert has concluded the Offer is NEITHER FAIR NOR REASONABLE**

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") has completed dispatch of its Target's Statement in response to the unsolicited takeover offer by Lithium Australia NL ("Lithium Australia" or "the Bidder") for all of the ordinary shares in Lepidico, as previously announced to ASX (the "Offer").

Lepidico's Target's Statement was lodged with ASIC, served on Lithium Australia and announced to ASX on 28 March 2017. The Company subsequently received a Supplementary Bidder's Statement on 29 March 2017 from Lithium Australia.

The Supplementary Bidder's Statement highlights that Lepidico shareholders share the view of the Independent Expert and the Lepidico Directors, that the Lithium Australia Offer is neither fair nor reasonable. **As at 29 March 2017, only 0.1% of the Company's shares (excluding pre-bids) had accepted the Lithium Australia Offer, despite the Offer having been open for 10 days.**

Lepidico Managing Director Joe Walsh said: *"It is clear from the lack of acceptances that Lithium Australia's ill-conceived and inadequate scrip Offer has stalled at the starting line. We encourage our shareholders to continue to support Lepidico through participation in the Entitlement Offer, the proceeds from which will be used to create long-term shareholder value by becoming a leading lithium producer. Lepidico shareholders should reject Lithium Australia's unsolicited and ill-conceived scrip Offer on the basis that it is inadequate, and deemed neither fair nor reasonable by the Independent Expert."*

#### **Lepidico Entitlements Offer well-supported**

Lepidico has a clearly articulated strategy to undertake a Feasibility Study on a Phase 1 L-Max<sup>®</sup> Plant, as outlined in the recent Entitlements Offer document and the Target's Statement, which is expected to deliver long-term shareholder value as the Company moves towards commercial production in 2019.

Lepidico is encouraged by the level of support shown by its Shareholders in relation to the Entitlement Offer which closes on 5 April 2017. Any shortfall under the Entitlement Offer may form the basis for a 'Shortfall Offer', as contemplated in section 4.5 of the Entitlement Offer document.

Shareholders who participate in the pro-rata Entitlement Offer will not have their holdings in Lepidico diluted, whereas Shareholders who accept Lithium Australia's unsolicited, ill-conceived and inadequate scrip Offer will have their investment diluted. Lithium Australia's implied takeover

offer price continues to be priced at a substantial 24.5% below Lepidico's current share price, and 18.7% below the Entitlement Offer price.

Lithium Australia has stated that it does not intend, at present, to extend the Offer to new shares issued under the Entitlement Offer. If Lithium Australia were to extend its Offer on the current terms to the new shares issued under the Entitlement Offer, then any Lepidico Shareholders who accept the Offer will be realising an immediate loss on the value of those new shares issued based on the current share prices.

### **Lithium Australia continues to avoid fundamental questions relating to its business**

Lithium Australia continues to refuse to respond to the commercial and technical questions posed by Lepidico in the Target's Statement which call into question the future value of the Lithium Australia shares being offered to Lepidico Shareholders.

The Lepidico Board continues to harbour significant concerns about Sileach™, and Lithium Australia's business model and financing capabilities given its existing commitments. Lithium Australia reported \$6.0 million in cash as of 31 December 2016 with an estimated \$2.15 million in cash outflows for the quarter ending 31 March 2017. Lepidico shareholders need to be aware that should Lithium Australia's expenditures continue at the rate outlined for the March 2017 quarter it will need to raise substantial new funds before the end of the September 2017 quarter if it is to remain solvent.

Lithium Australia's ill-conceived funding strategy includes 132.9 million \$0.25 partly paid shares (with outstanding calls of \$0.2499 each) which remain deeply out of the money as at the date of this announcement.

### **Lepidico Shareholders' Information Line**

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](http://www.lepidico.com)).

**ENDS**

### **Further Information**

For further information, please contact

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**MEDIA ENQUIRIES**  
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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.