



LEPIDICO LTD

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11 October 2017

Dear Shareholder

LEPIDICO LTD – PRO-RATA RENOUNCEABLE RIGHTS ISSUE

As announced on 10 October 2017, Lepidico Ltd (ACN (008 894 442)) (**LPD**) is undertaking a 1:6 pro rata renounceable rights issue (**Rights Issue** or **Offer**) of approximately 405,209,597 fully paid ordinary shares (**New Share**) to raise approximately \$4,052,096. The price of New Shares under the Offer is \$0.01 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 10 October 2017.

The Offer is partially underwritten by CPS Capital Group Pty Ltd (**Underwriter**). CPS Capital Group Pty Ltd is also acting as lead manager to the Offer. The Company has agreed to:

- (a) issue the Underwriter with 5,000,000 Options exercisable at \$0.015 per Option on or before the date which is two years from the date of grant of the Options;
- (b) pay a lead manager fee of \$70,000;
- (c) pay a management fee of 1% of the total amount raised under the Offer;
- (d) pay an underwriting fee of 5% of the Underwritten Amount;
- (e) pay a placement fee of 5% of any shortfall Shares placed beyond the Underwritten Amount of \$2,000,000 (excluding any placement made to Galaxy Resources Limited and Bacchus Capital Advisers Ltd).

The Company proposes to use the funds raised by the Offer toward completion of the FS activities for the Phase 1 L-Max[®] Plant including certain exploration activities, expenses of the Offer and working capital. If the Offer is fully subscribed, some of the funds raised will also be used towards exploration activities.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 16 October 2017, whose registered address is in Australia, New Zealand or the United Kingdom.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 405,209,597 New Shares resulting in total Shares on issue of approximately 2,836,467,179.

Ineligible shareholders

A Shareholder who has a registered address outside Australia, New Zealand or the United Kingdom (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, New Zealand or the United Kingdom compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

CPS Capital Group Pty Ltd (**Nominee**), who is also the Underwriter, as nominee to sell the rights to subscribe for New Shares pursuant to the Prospectus (**Entitlements**) to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Shontel Norgate or Alex Neuling, LPD's joint Company Secretaries, on +61 9363 7800.

Yours sincerely

Alex Neuling
Joint Company Secretary