

ASX / MEDIA ANNOUNCEMENT



31 July 2019

S708A Notice – Issue of Shares to Bacchus Capital Advisors

Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”) confirms the issue of 13,786,605 new fully paid ordinary shares (“New Shares”) to Bacchus Capital Advisors in accordance with the terms of its engagement as Corporate Advisor in relation to the Desert Lion Energy Inc business combination at an issue price of \$0.026 per share (Lepidico’s closing share price on 11 July 2019, the day the transaction closed). Lepidico now confirms that the allotment has been completed and the New Shares have been issued. An ASX Appendix 3B in respect of the New Shares has been lodged together with this notice.

Secondary Trading Exemption Notice

Lepidico now also provides the following Secondary Trading Exemption Notice in respect of the New Shares:

The Corporations Act 2001 (Act) restricts the on-sale of securities without disclosure, unless the sale is exempt under Section 708 or 708A of the Act. By Lepidico giving this notice, on-sale of the New Shares will fall within the exemption offered by Section 708A (5) of the Act.

Lepidico hereby notifies the ASX (as the operator of the prescribed financial market on which the New Shares are to be quoted) under Section 708A(5)(e) of the Act that:

- a) Lepidico issued the New Shares without disclosure to investors under Part 6D.2 of the Act;
- b) As at the date of this notice Lepidico has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and with Section 674 of the Act; and,
- c) As at the date of this notice there is no “excluded information” as defined in Section 708A(7) and (8) of the Act in relation to the Company.

LEPIDICO LTD
ABN 99 008 894 442

ASX: LPD

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About Lepidico Ltd

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium chemicals. 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 complement the lithium market by adding low-cost lithium carbonate supply from alternative sources. More recently Lepidico has added LOH-Max[™] to its technology base, which produces lithium hydroxide from lithium sulphate without by-product sodium sulphate. The Company is currently conducting a Feasibility Study for a 5,000 tonne per annum Phase 1 lithium chemical plant, targeting commercial production for 2021. Work is currently being undertaken to evaluate the incorporation of LOH-Max[™] into the Phase 1 Plant Project flow sheet. Feed to the Phase 1 Plant is planned to be sourced from the Karibib Lithium Project in Namibia where a Mineral Resource of 8.8 Mt grading 0.56% Li₂O and 59ppm Ta₂O₅ is estimated and/or the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Grupo Mota (ASX announcement of 7 December 2017).

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

LEPIDICO LTD

ABN

99 008 894 442

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 13,786,605 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>Issued to Corporate Advisor in accordance with terms of engagement in relation to the Desert Lion Energy Inc business combination at an issue price of \$0.026 per share (Lepidico's closing share price on 11 July 2019, the day the transaction closed).</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued to Corporate Advisor in accordance with terms of engagement in relation to the Desert Lion Energy Inc business combination at an issue price of \$0.026 per share (Lepidico's closing share price on 11 July 2019, the day the transaction closed).</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>22 November 2018</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>13,786,605</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of +securities issued under an exception in rule 7.2	Nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1: Up to 447,228,719 7.1A: Up to 430,024,060 See Annexure 1 attached.
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	31 July 2019

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		4,398,668,407	Ordinary Shares
		220,518,031	Listed Options exercisable at 4.5 cents per share on or before 30/9/2020
		190,746,921	Listed Options exercisable at 5.0 cents per share on or before 11 July 2022
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
			Options
		65,000,000	Unlisted Incentive Options with exercise price of 2.6 cents and expiring 22 November 2021
		5,000,000	Unlisted Options with exercise price of 1.5 cents and expiring 8 November 2019.
		50,000,000	Unlisted Incentive Options with exercise price of 9.1 cents and expiring 23 November 2020
	42,500,000	Unlisted Director Incentive Options with exercise price of 2.5 cents and expiring 31 December 2019	

+ See chapter 19 for defined terms.

12,500,000	Unlisted Incentive Options with exercise price of 2.5 cents and expiring 31 December 2019
14,210,780	Unlisted Warrants exercisable at \$0.44 per Warrant and expiring on 22/09/19
700,115	Unlisted Warrants exercisable at \$0.35 per Warrant and expiring on 22/09/19
4,140,941	Unlisted Warrants exercisable at \$0.44 per Warrant and expiring on 10/10/19
312,476	Unlisted Warrants exercisable at \$0.35 per Warrant and expiring on 10/10/19
2,880,085	Unlisted Warrants exercisable at \$0.44 per Warrant and expiring on 29/11/19
181,165	Unlisted Warrants exercisable at \$0.35 per Warrant and expiring on 29/11/19
1,179,387	Unlisted Warrants exercisable at \$0.44 per Warrant and expiring on 06/12/19
89,008	Unlisted Warrants exercisable at \$0.35 per Warrant and expiring on 06/12/19
7,706,421	Unlisted Warrants exercisable at \$0.44 per Warrant and expiring on 13/12/19
1,659,388	Unlisted Warrants exercisable at \$0.35 per Warrant and expiring on 13/12/19
2,832,991	Unlisted Warrants exercisable at \$0.44 per Warrant and expiring on 29/12/19

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

121,063	Unlisted Warrants exercisable at \$0.35 per Warrant and expiring on 29/12/19
103,783,680	Unlisted Warrants exercisable at \$0.04 per Warrant and expiring on 07/12/20
9,450,000	Unlisted Options exercisable at \$0.04 per Option and expiring on 25/10/21
945,000	Unlisted Options exercisable at \$0.10 per Option and expiring on 31/03/22
3,921,982	Unlisted Options exercisable at \$0.10 per Option and expiring on 21/06/22
5,967,000	Unlisted Options exercisable at \$0.35 per Option and expiring on 26/02/23
18,900,000	Unlisted Options exercisable at \$0.02 per Option and expiring on 14/01/24

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

+ See chapter 19 for defined terms.

- | | | |
|----|--|--|
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | |

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- | | | |
|----|---|--|
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | *Issue date | |

Part 3 - Quotation of securities –

You need only complete this section if you are applying for quotation of securities

- 34 Type of *securities
(tick one)
- (a) *Securities described in Part 1
- (b) All other *securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

+ See chapter 19 for defined terms.

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b) - N/A

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.


Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 31 July 2019
(Company secretary)

Print name: Shontel Norgate

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital													
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>													
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	2,921,520,897												
<i>Add</i> the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 30%;">Entitlements Issue</td> <td style="width: 20%;">1/10/18</td> <td style="width: 50%; text-align: right;">417,877,142</td> </tr> <tr> <td>Entitlement Issue</td> <td>5/6/19</td> <td style="text-align: right;">372,908,354</td> </tr> <tr> <td>Desert Lion consideration</td> <td>12/7/19</td> <td style="text-align: right;">571,157,062</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">1,361,942,558</td> </tr> </tbody> </table>	Entitlements Issue	1/10/18	417,877,142	Entitlement Issue	5/6/19	372,908,354	Desert Lion consideration	12/7/19	571,157,062			1,361,942,558
Entitlements Issue	1/10/18	417,877,142											
Entitlement Issue	5/6/19	372,908,354											
Desert Lion consideration	12/7/19	571,157,062											
		1,361,942,558											
<ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval 	Issues ratified at 2018 AGM: 16,777,149												

+ See chapter 19 for defined terms.

<ul style="list-style-type: none"> • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	-
<p>Subtract the number of fully paid ⁺ordinary securities cancelled during that 12 month period</p>	-
“A”	4,300,240,604
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	645,036,091
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> 	<p>76,020,767 Shares issued on 12 July 2019</p> <p>Up to 108,000,000 Shares agreed to be issued on conversion of outstanding Desert Lion convertible notes on or before 7 December 2020</p> <p>This issue – 13,786,605 Shares</p>

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<ul style="list-style-type: none"> It may be useful to set out issues of securities on different dates as separate line items 	
"C"	197,807,372
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 <i>Note: number must be same as shown in Step 2</i>	645,036,090
Subtract "C" <i>Note: number must be same as shown in Step 3</i>	197,807,372
Total ["A" x 0.15] – "C"	448,228,718 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	4,300,240,604
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	430,024,060
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	430,024,060
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	Nil
Total ["A" x 0.10] – "E"	430,024,060 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.