

ASX / MEDIA ANNOUNCEMENT



23 December 2019

Lepidico secures \$7.5 million facility

- **A Controlled Placement Agreement has been entered into to provide Lepidico with up to \$7.5 million of standby equity capital, which if required may be used for research and development work**
- **Rubidium-caesium formate brine produced from Pilot Plant Campaign 1 with specific gravity of 2.1**
- **Caesium and rubidium compounds represent potential additional Phase 1 Plant co-products, manufactured under a stand-alone provisional patent application**

Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”) is pleased to announce that it has entered into a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to \$7.5 million of standby equity capital over the coming 26 month period. This standby facility may be used to fund future product research and development work, new process technology development and working capital.

Rubidium-caesium Testwork Results

A high specification sample of rubidium rich formate brine with a specific gravity (SG) of 2.1 has been produced from the Pilot Plant potassium circuit liquor[#]. A rubidium-rich sulphate has also been produced, containing 95% rubidium sulphate, 4% caesium sulphate and 0.7% potassium sulphate. The process technology for producing rubidium and caesium compounds is owned by Lepidico and subject to a stand-alone international patent application filed in February 2017. The ultimate objective of this testwork is to develop marketable high-value rubidium and caesium compounds as co-products from Lepidico’s Phase 1 Chemical Plant Project.

Lepidico Managing Director, Joe Walsh said, “Lepidolites can contain the highest concentrations of rubidium of any known mineral, in addition to high concentrations of lithium, caesium and potassium. Lepidico’s proprietary technologies allow these metals to be extracted via novel hydro-metallurgical processes. Research and development work conducted in parallel with the Phase 1 Project Feasibility Study has yielded extremely encouraging results. In order to continue to fast track this work additional funds may be required. To this end, the Company has entered into a CPA equity stand-by facility to provide capital flexibility for previously unfunded future value add activities.”

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Caesium and rubidium naturally occur in lepidolite, which, when processed using Lepidico's L-Max[®] technology, report through to one of two non-lithium streams; a brine liquor or an alum-residue. Approximately 100 litres of rubidium-caesium brine was collected during Pilot Plant Campaign 1. This brine was concentrated using a Lepidico proprietary process technology to produce intermediate crystallisation products and a brine containing rubidium and caesium sulphates, which was subsequently converted to two discrete formates. Results for the caesium-rich formate were announced to the ASX on 21 October 2019. The results presented below are for a rubidium-rich product (Table1). A qualification process for these materials has commenced.

Table 1: Heavy formate specification from Pilot Plant versus an industry benchmark

Criteria	Lepidico Pilot Plant
Rubidium + Caesium (g/l)	875 + 187
SO ₄ (ppm)	350
Chlorides (ppm)	60
Divalent cations (ppm)	<100
Specific gravity	2.1
Turbidity/clarity (NTU)	<10
pH	10.0

Background*

Caesium and rubidium compounds have a variety of applications albeit in relatively small quantities. Consumption, import, export and price data for caesium and rubidium are not available as they are not traded in commercial quantities.

In May 2018, the U.S. Department of the Interior published a list of 35 critical minerals (83 FR 23295) which included caesium, rubidium and lithium minerals. The list was developed to serve as an initial focus for "A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals". Lepidolite[#] is the only known mineral that contains all three of these metals in potentially economic concentrations.

*Source: U.S. Geological Survey

#The Pilot Plant Campaign 1 feed was sourced from Alvarrões, Portugal. Note: lepidolites have similar major metal components (Li, K, Rb, Cs) albeit in varying concentrations between deposits.

Controlled Placement Agreement

Under the CPA Lepidico retains full control of all aspects of the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on Lepidico to utilise the CPA and Lepidico may terminate the CPA at any time, without cost or penalty.

Acuity Capital and the CPA do not place any restrictions on Lepidico raising capital through other methods. If Lepidico does decide to utilise the CPA, Lepidico is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by Lepidico and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of Lepidico's choosing (again at the sole discretion of Lepidico).

As collateral for the CPA, Lepidico has agreed to place 230,000,000 ordinary shares (“New Shares”) from its LR7.1 capacity, at nil consideration to Acuity Capital (“Collateral Shares”) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

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.

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 chemicals. Lepidico owns and has exclusive rights to metallurgical process technologies that produced lithium chemicals 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. L-Max[®] also enables the manufacture of co-product rubidium and caesium compounds via a separately patent registered process, for which markets are being evaluated, and by-product sulphate of potash and an amorphous silica building material. More recently Lepidico has added LOH-Max[™] to its technology base, which produces lithium hydroxide directly from lithium sulphate without by-product sodium sulphate. The Company is currently conducting a Feasibility Study for a 5,000 tonne per annum (LCE) capacity Phase 1 lithium chemical plant in Abu Dhabi, targeting commissioning in late 2021. Work is currently being undertaken to incorporate LOH-Max[™] into the Phase 1 Plant Project engineering design. Feed to the Phase 1 Plant is planned to be sourced from the Karibib Lithium Project in Namibia, 80% owned by Lepidico, where a Mineral Resource of 8.8 Mt grading 0.56% Li₂O and 59ppm Ta₂O₅ is estimated (ASX announcement of 16 July 2019) and/or the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Grupo Mota (ASX announcement of 7 December 2017).

Forward-looking Statements

All statements other than statements of historical fact included in this release including, without limitation, statements regarding future plans and objectives of Lepidico, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Lepidico that could cause Lepidico's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this release will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. Lepidico does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this release, except where required by applicable law and stock exchange listing requirements.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 | 230,000,000 |
| 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>Nil (Collateral Shares)</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of Collateral Shares pursuant to a Controlled Placement Agreement (CPA) as announced 23 December 2019.</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 <i>in relation to the +securities the subject of this Appendix 3B</i>, 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>21 November 2019</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>230,000,000</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

+ See chapter 19 for defined terms.

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: 321,257,196 7.1A: 439,504,798 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.	23 December 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
		4,633,668,407	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
		55,000,000	Unlisted Director Incentive Options with exercise price of 2.5 cents and expiring 21 November 2022
		18,000,000	Unlisted Incentive Options with exercise price of 2.5 cents and expiring 21 November 2022
		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
		12,500,000	Unlisted Incentive Options with exercise price of 2.5 cents and expiring 31 December 2019

+ See chapter 19 for defined terms.

2,832,991	Unlisted Warrants exercisable at \$0.44 per Warrant and expiring on 29/12/19
121,063	Unlisted Warrants exercisable at \$0.35 per Warrant and expiring on 29/12/19
77,171,784	Unlisted Warrants exercisable at \$0.04 per Warrant and expiring on 07/12/20
26,611,894	Unlisted Warrants exercisable at \$0.04 per Warrant and expiring on 13/12/20
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

+ See chapter 19 for defined terms.

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 | |
| 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 | |

+ See chapter 19 for defined terms.

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	
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	

+ See chapter 19 for defined terms.

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

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

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.

Appendix 3B
New issue announcement

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.

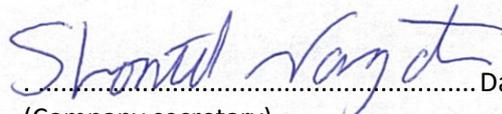
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- 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:


.....
(Company secretary)

Date: 23 December 2019

Print name: Shontel Norgate

== == == == ==

+ 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													
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated													
<p><i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue</p>	3,356,175,188												
<p>Add the following:</p> <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%;">Entitlement Issue</td> <td style="width: 20%;">5/6/19</td> <td style="width: 50%; 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>Option exercise</td> <td>8/11/19</td> <td style="text-align: right;">5,000,000</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">949,065,416</td> </tr> </tbody> </table>	Entitlement Issue	5/6/19	372,908,354	Desert Lion consideration	12/7/19	571,157,062	Option exercise	8/11/19	5,000,000			949,065,416
Entitlement Issue	5/6/19	372,908,354											
Desert Lion consideration	12/7/19	571,157,062											
Option exercise	8/11/19	5,000,000											
		949,065,416											
<ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval 	<p>89,807,372 (Issues ratified at 2019 AGM)</p>												

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<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"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	-
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	-
“A”	4,395,047,976
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	659,257,196
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"> This applies to equity securities, unless specifically excluded – not just ordinary securities Include here (if applicable) the securities the subject of the 	<p>This Issue: 230,000,000</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>

+ See chapter 19 for defined terms.

<p><i>Appendix 3B to which this form is annexed</i></p> <ul style="list-style-type: none"> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
"C"	338,000,000
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
<p>"A" x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	659,257,196
<p>Subtract "C"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	338,000,000
<p>Total ["A" x 0.15] – "C"</p>	<p>321,257,196</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ 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>	4,395,047,976
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	439,504,798
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <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

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
<p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	439,504,798
<p>Subtract "E"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
<p>Total ["A" x 0.10] – "E"</p>	<p>439,504,798</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>