

# ASX / MEDIA ANNOUNCEMENT



20 April 2020

## Renounceable Entitlements Offer to Fund Development and Growth Opportunities

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### Highlights

- 1 for 9 renounceable rights issue to raise up to \$3.6 million, partially underwritten to \$1.5 million
- Attractively priced at 0.7 cents per share
- Discount of 36% to the 10 day volume weighted average share price
- With every two new shares, shareholders will receive one free attaching option
- New options will be listed, have an exercise price of 2.0 cent and a term of two years
- Shareholders can trade their rights and apply for additional shares and options
- Rights to start trading from 23 April 2020
- Eligible Directors and Strategic Metallurgy Pty Ltd intend to participate
- Funds will be used for growth opportunities including transitioning the Phase 1 Project to a final investment decision and gold exploration
- Lepidico's strategic objective is to have the Phase 1 Project development ready with binding offtake arrangements for key products and a full competitive financing package in place so that it is a first mover when the next lithium price cycle begins

**Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”)** is pleased to announce a pro-rata Renounceable Entitlements Offer of fully paid ordinary shares in the capital of the Company (**New Shares**) on the basis of one (1) New Share for every nine (9) existing shares held at the record date of 24 April 2020 (**Record Date**) with 1 for 2 free attaching option (**New Options**).

Shares under the Entitlements Offer will be issued at \$0.007 per New Share. The maximum number of New Shares which will be issued under the Entitlements Offer is 514,852,045 to raise up to approximately \$3,603,964 (before expenses, based on the current capital structure of the Company). New Options will have an exercise price of 2.0 cent, a term of two years and will be listed.

LEPIDICO LTD  
ABN 99 008 894 442

ASX: LPD

23 Belmont Avenue  
Belmont WA 6104

PO Box 330  
Belmont WA 6984

Phone: + 61 8 9363 7800  
Email: [info@lepidico.com](mailto:info@lepidico.com)

Suite 200, 55 University  
Avenue  
Toronto ON M5J 2H7,  
CANADA

New Shares issued under the Entitlements Offer will rank equally with existing shares and the Company will apply for official quotation of the New Shares and New Options.

An Appendix 3B and a prospectus (**Prospectus**) in respect of the Entitlements Offer accompany this announcement. The Company confirms it is in compliance with its continuous disclosure obligations.

Enormous commitments to the energy transition thematic have already been made by numerous governments and corporations around the world, which underpin the strong long term demand growth outlook for battery materials and in particular lithium chemicals. It is evident however, that near term supply-demand dynamics for most commodities and chemicals have been materially impacted by the COVID-19 pandemic. In this environment it is envisaged that more time will be required for Lepidico to secure binding offtake agreements for the Phase 1 Project products, lithium hydroxide and various by-products, and to secure a full financing package to develop the Project. Lepidico has identified a number of potential high value add opportunities where this additional lead time to a final investment decision on the Phase 1 Project can be used constructively with the objective of enhancing project returns.

A project funding strategy has been developed in collaboration with specialist debt advisory firm, Lion's Head Global Partners (**Lion's Head**). This work included a four month market sounding phase where numerous Development Financing Institutions (**DFIs**), Export Credit Agencies (**ECAs**) and commercial lenders to the mining and chemicals industries were canvassed as to their interest in evaluating Lepidico's integrated Phase 1 Project for provision of debt funding. Feedback has been excellent with ten non-disclosure agreements (**NDAs**) signed to date with prospective financing institutions. To ensure the most competitive financing terms Lepidico plans to leverage its excellent sustainability credentials associated with its planned developments in both Namibia and Abu Dhabi by way of completion of Environmental and Social Impact Assessments (ESIAs) to the highest possible standards. This work has already started; however, further funding is required for additional assessments including life cycle emissions evaluations that includes greenhouse gases; freshwater depletion; and human toxicity, all planned for ISO (International Organization for Standardization) compliance. Due to a nationwide lockdown in Namibia social surveys have been interrupted necessitating additional time for completion.

Within the commodity complex gold has been a standout performer from a price perspective over the past year. The Karibib region where Lepidico has its tenements hosts the highest density of identified gold occurrences in Namibia, including the Navachab Gold Mine (5.8 million ounces mined and in Ore Reserve) located approximately 25 km NW of Rubicon and the 2019 Twin Hills gold discovery located less than 20 km north of Lepidico's Helikon deposits. A regional geological assessment has identified good prospectivity for gold mineralisation similar in nature to these notable nearby gold deposits, within Lepidico's tenements (see March 2020 quarterly report). It is planned that funds raised from the Entitlements Offer will be used to undertake a gold exploration programme on Lepidico's Karibib tenements. The strategic objective is to leverage any gold discoveries to augment funding for the Company's Phase 1 Lithium Project.

Further research and development work that includes the use of certain pilot plant circuits is planned to continue the lithium hydroxide offtake qualification process, and to enhance the quality and, thereby, value of by-products. Further lithium hydroxide samples are planned to be produced, subject to funding, for a second prospective customer. Testwork to enhance the amorphous silica value is planned along with additional caesium and rubidium development work.

The Entitlement Offer price of \$0.007 per New Share represents a 36% discount to the 10-day volume weighted average price of the Company's shares of \$0.011.

The Entitlement Offer is partially underwritten by Lead Manager Mahe Capital Pty Ltd to \$1.5 million.

Directors that hold shares in Lepidico and Strategic Metallurgy Pty Ltd plan to participate in the Entitlements Offer.

The timetable for the Entitlement Offer is as follows:

Lodgement of Prospectus with the ASIC	20 April 2020
Lodgement of Prospectus & Appendix 3B with ASX	20 April 2020
Ex date, rights start trading	23 April 2020
Record Date for determining Entitlements	24 April 2020
Prospectus sent out to Shareholders & Company announcement	28 April 2020
Rights stop trading	5 May 2020
Shares quoted on a deferred settlement basis	6 May 2020
Last date for Closing Date to be extended	7 May 2020
Closing Date*	12 May 2020
Announcement of results of issue	14 May 2020
Issue date/Shares entered into Shareholders' security holdings/Appendix 2A issued/Deferred settlement trading ends	18 May 2020
Quotation of Shares and New Options issued under the Offer*	19 May 2020

\* The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

The Company intends to apply the net funds raised from the Entitlements Offer as follows:

- a) Phase 1 Project Product development, qualification & offtake including Pilot Plant operation
- b) Securing a debt finance package for Phase 1 Project
- c) Mineral resource development and gold exploration, Namibia, and
- d) Working capital.

**- ENDS -**

### Further Information

For further information, please contact

**Joe Walsh**  
**Managing Director**  
**Lepidico Ltd**  
Tel: +1 647 272 5347

**David Waterhouse**  
**Waterhouse IR**  
Tel: +61(0)3 9670 5008

Email: [info@lepidico.com](mailto:info@lepidico.com)  
Website: [www.lepidico.com](http://www.lepidico.com)

#### 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<sup>®</sup> 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<sup>™</sup> 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 (LCE) capacity Phase 1 lithium chemical plant, targeting commercial production for 2021. Work is currently being undertaken to incorporate LOH-Max<sup>™</sup> into the Phase 1 Plant Project engineering. Feed to the Phase 1 Plant is planned to be sourced from the Karibib Lithium Project in Namibia, 80% owned by Lepidico where a predominantly Measured and Indicated Mineral Resource of 11.24 Mt grading 0.43% Li<sub>2</sub>O, (including Measured Resources of 2.20 Mt @ 0.57% Li<sub>2</sub>O, Indicated Resources of 6.66 Mt @ 0.38% Li<sub>2</sub>O and Inferred Resources of 2.37 Mt @ 0.43%, at a 0.15% Li<sub>2</sub>O cut-off) is estimated (ASX announcement of 30 January 2020).

#### 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.