

ASX / MEDIA ANNOUNCEMENT



28 October 2020

Formal mandate signed with the U.S. International Development Finance Corporation following preliminary review of the Karibib Phase 1 Project and receipt of indicative, non-binding term sheet

- **DFC retained by Lepidico to commence detailed due diligence in order to determine whether to provide debt finance for the Phase 1 Project in Namibia**
- **DFC confirms its interest in undertaking detailed due diligence following a preliminary review of the Phase 1 Project**
- **Indicative, non-binding term sheet received in respect of the requested debt funding for the Phase 1 Project in Namibia**

Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”) is pleased to announce it has entered into a formal mandate (Mandate) with the United States International Development Finance Corporation (DFC) to undertake an in-depth analysis and evaluation of the Karibib Phase 1 Project (Phase 1 Project) for the purpose of determining whether the Phase 1 Project qualifies for DFC financing. This follows receipt by the Company of an indicative, non-binding term sheet from DFC in respect of the requested debt funding for the Phase 1 Project in Namibia.

Under the Mandate, the DFC will undertake detailed due diligence to ensure the Phase 1 Project meets DFC’s criteria, including DFC’s requirements regarding the Phase 1 Project’s creditworthiness, its developmental benefits to Namibia, and its effects on the environment. The Phase 1 Project encompasses the re-development of the open pit mines at Rubicon and Helikon 1, the development of a new mineral concentrator and working capital through to commercial operation.

Lepidico’s Managing Director, Joe Walsh said, “Lepidico is pleased to be working with DFC in relation to its Phase 1 Project. The engagement of DFC through a formal mandate is an important milestone in bringing the Phase 1 Project to development and in particular is testament to the Project’s positive environmental and social credentials.”

As previously advised, Lepidico has engaged Lions Head Global Partners (LHGP), a boutique investment bank, to assist in securing financing for the Phase 1 Project. LHGP has offices in London, New York, Nairobi, Lagos, and is in the process of establishing an office in Dubai, providing it with a presence in both Africa and the Middle East. LHGP has been working with Lepidico since January 2020.

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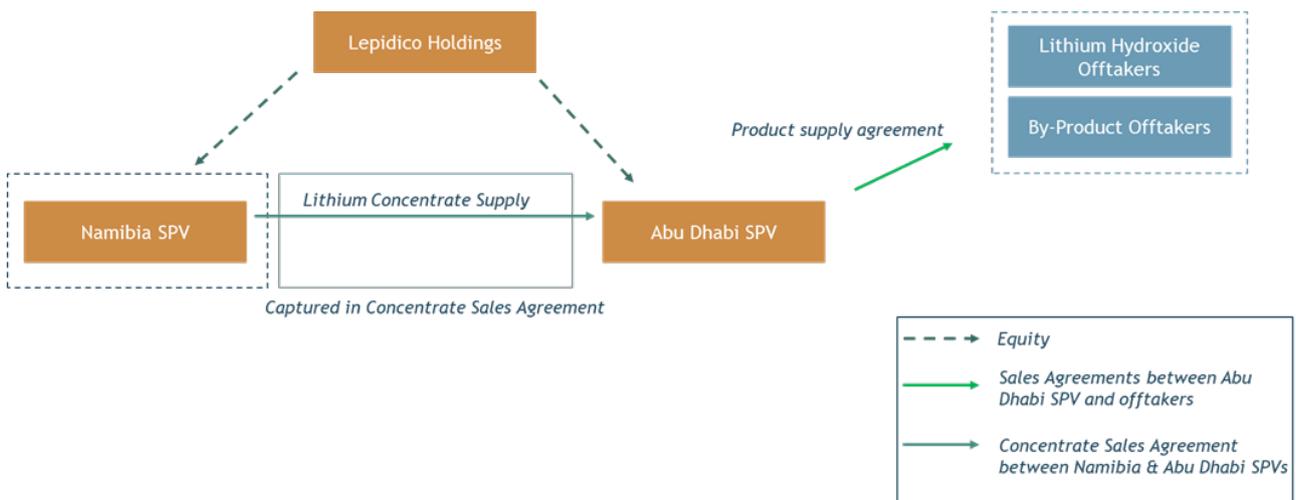
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Financing Structure

The Phase 1 Integrated Project will have operations across two jurisdictions: Namibia and Abu Dhabi; and potential offtake partners across further jurisdictions resulting in various regulatory and fiscal regimes. The structure of the Phase 1 Integrated Project therefore requires separate legal entities to be established in each operating jurisdiction.

Lepidico Chemicals Namibia (Pty) Ltd (LCN), an 80% owned subsidiary, will develop and operate the Karibib Phase 1 Project while the newly formed, Lepidico Chemical Manufacturing Ltd (LCM), a 100% owned Abu Dhabi subsidiary will develop and operate the Phase 1 Chemical Plant. LCM will enter into a Concentrate Sales Agreement with the LCN to acquire concentrate on commercial terms. LCM will enter into various offtake/sales Agreements for the sale of lithium hydroxide and various by-products as illustrated below.



As Lepidico is looking to develop a first-of-a-kind project, LHGP believe a bespoke financing structure is likely to provide an overall reduced cost of funding and bring strategic investors to the Phase 1 Project. Therefore, the financing strategy has been to target investors with a strategic interest in financing the two different components of the Phase 1 Project, composed of the two separate jurisdictions.

About DFC

DFC is the development bank of the United States federal government. DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world today. It invests across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides financing for small businesses and women entrepreneurs in order to create jobs in emerging markets. DFC investments adhere to high standards and respect the environment, human rights, and worker rights.

Further Information

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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 has completed a Definitive Feasibility Study for a nominal 5,000 tonne per annum Lithium Carbonate Equivalent (LCE) capacity Phase 1 lithium chemical plant, targeting commercial production for 2023. The Project incorporate the Company's proprietary L-Max[®] and LOH-Max[®] technologies into the chemical conversion plant design. Feed to the Phase 1 Plant is planned to be sourced from the Karibib Project in Namibia, 80% owned by Lepidico where a predominantly Measured and Indicated Mineral Resource of 11.24 Mt grading 0.43% Li₂O, (including Measured Resources of 2.20 Mt @ 0.57% Li₂O, Indicated Resources of 6.66 Mt @ 0.38% Li₂O and Inferred Resources of 2.37 Mt @ 0.43%, at a 0.15% Li₂O cut-off) is estimated. (ASX announcement of 30 January 2020). Ore Reserves total 6.72 Mt @ 0.46% Li₂O, 2.26% rubidium, 2.02% potassium and 320ppm caesium (ASX announcement of 28 May 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.