

# ASX / MEDIA ANNOUNCEMENT



19 November 2020

## 2020 Annual General Meeting Chair's Address to Shareholders

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The completion of the Definitive Feasibility Study for the vertically integrated Phase 1 Project in May 2020 is the culmination of six years of research, development and study work and represents a significant deliverable in Lepidico's strategy to become a globally significant lithium chemical producer. Importantly, this milestone was reached while maintaining our zero-harm health, safety and environmental track-record.

The backdrop to these achievements was clouded by continued weak market conditions for both lithium chemical prices and lithium equities throughout most of fiscal 2020. However, chemical prices now appear to have stabilised, albeit at what appears to be around cyclical low levels. The medium to long-term outlook for lithium prices remains strong.

This already challenging environment was further complicated by Covid-19 related lockdowns and their associated global affects. Most importantly all our employees have stayed safe and healthy during this time. Furthermore, our sincere thanks go to all our staff and contractors whose dedication, determination and ingenuity have allowed the business to continue to deliver on its fundamental objectives, despite being faced with such significant headwinds.

Sustainability practices and performance, specifically pertaining to environment, social and governance – or, ESG – have gained far greater prominence for all industries in the past few years. It is clear that greenhouse gas emissions, water usage and land use intensity pose significant challenges for much of the lithium industry. And in these areas, we are fortunate. Our Phase 1 Project demonstrates, on balance, excellent sustainability credentials, and not just with regards to ESG but also in the social benefits associated with job creation, land remediation and much needed economic stimulus within a developing region. We have identified opportunities to improve on our already enviable sustainability criteria and these have been imbedded into our strategic planning process to ensure continual improvement across all aspects of the business as it continues to evolve.

Looking ahead, activities are now focussed on transitioning the business to development by securing the requisite permits in Abu Dhabi, as well as binding offtake agreements for the major products and a full funding package.

Project financing initiatives took a major step forward in October with the receipt of an indicative, non-binding term sheet from the United States International Development Finance Corporation with respect to providing debt funding for the Phase 1 Project in Namibia. DFC has now been engaged through a formal mandate. Significantly, the Phase 1 Project is thought to be unique as it will produce four of 35 critical minerals identified by the U.S. Government. Importantly the U.S. is entirely reliant on imports of caesium and rubidium which LPD will produce from the only JORC compliant resource in the world for these critical elements.

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We continue to work towards offtake for lithium hydroxide under our letter of intent with BASF. We have also been advancing offtake discussions with several other consumers for supply of lithium, caesium and rubidium chemicals. These latter two high-value metals, are of strategic significance and in critically short supply and are produced as a by-product in the L-Max process.

Our strategic objective remains to fast track the business to free cash flow generation by developing a sustainable lithium business that leverages our proprietary technologies, L-Max<sup>®</sup> and LOH-Max<sup>®</sup>. We remain committed to developing a sustainable business that makes quality products for the needs of the twenty first century. Implicit in this are industry best practice protocols in the areas of health, safety, the environment, human resources, sustainability, and stakeholder engagement.

We again thank shareholders for another year of tremendous support on our quest to build a new vertically integrated alkali metals chemical company differentiated by non-traditional mineral sources.

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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<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 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<sup>®</sup> and LOH-Max<sup>®</sup> 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% 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). Ore Reserves total 6.72 Mt @ 0.46% Li<sub>2</sub>O, 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.