

ASX / MEDIA ANNOUNCEMENT



10 October 2022

Renounceable Entitlements Offer to Fund Phase 1 Development and Growth Opportunities

Highlights

- 1 for 10 renounceable rights issue to raise up to \$11.7 million, partially underwritten to \$4.0 million
- Attractively priced at 1.8 cents per share
- Discount of 18% to the previous closing price and 31% to the 20 day volume weighted share price
- With every two new shares, shareholders will receive one free attaching option
- New options will be listed, have an exercise price of 3.0 cents and a two year term
- Shareholders can trade their rights and apply for additional shares and options
- Rights to start trading from 12 October 2022
- Eligible Directors intend to participate in the Offer
- Funds will be used to complete both Phase 1 Project Front End Engineering & Design and lender due diligence, and to start critical path Stage 2 EPCM works for both the concentrator and chemical plant
- Lepidico's near term strategic imperatives are to extend Project life to over 20 years, complete FEED works to allow lenders to finalise their due diligence and secure a full funding solution to transition Phase 1 into construction, thereby positioning it as an early mover for this lithium price cycle

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 ten (10) existing shares held at the record date of 13 October 2022 (**Record Date**) with 1 for 2 free attaching option (**New Options**).

Shares under the Entitlements Offer will be issued at \$0.018 per New Share. The maximum number of New Shares which will be issued under the Entitlements Offer is 650,719,123 to raise up to approximately \$11,712,945 (before expenses, based on the current capital structure of the Company). New Options will have an exercise price of 3.0 cents, 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

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.

Lepidico has received significant interest from strategic parties, including an indicative offer for a substantial equity holding in the Company at a premium to the current share price. However, taking into consideration the long-term strategic objectives of the Company, the Board has concluded to focus instead on the existing whole of Project capital raising workstreams which are progressing well.

Considerable progress has been made in Namibia and Abu Dhabi with regards to options for a complete financing solution for the Phase 1 Project. It is envisaged that lender due diligence will be finalised following completion of chemical plant FEED, allowing credit approvals to be sought by all lenders during the March 2023 quarter. Strategic equity options are also being advanced that collectively, along with debt are intended to provide full funding for Phase 1. This outcome would mean that the current Entitlements Offer may represent the last opportunity for investors to participate in a pro-rata issue prior to Lepidico becoming a producer.

The Minimum Subscription from the Offer is prioritised for high value add activities that are scheduled to complete this current quarter: FEED for the chemical plant and thereby close-out of all Stage 1 EPCM works; lender due diligence including technical and legal workstreams; and revised Mineral Resource estimates for deposits at Karibib that are currently in the Inferred category, in particular the Helikon 2-4 deposits, which will allow them to be included in the Phase 1 mine plan and thereby materially extend Project life.

Additional funds up to the Full Subscription amount under the Offer are intended for chemical plant and concentrator Stage 2 – full implementation – EPCM works that are on the critical path, including detailed design and engineering, and cash deposits to secure build slots for key long lead time equipment.

Enormous commitments continue to be made by numerous governments and corporations around the world to accelerate the transition to green energy, which underpin the strong demand growth outlook for battery materials and in particular lithium chemicals. Supply-demand dynamics for lithium chemicals continue to improve as electric vehicle adoption rate forecasts continue to rise, with many commentators forecasting the prevailing fundamental deficit to grow dramatically by the end of this decade. Benchmark Mineral Intelligence (BMI) recently reported that “the lithium industry would need \$42bn of investment to meet 2030 demand. Lithium demand will surpass 1mt LCE for the first time in 2025, with global EV penetration rates set to hit 21%. Lithium demand will surpass 2mt LCE for the first time in 2030, and 3mt LCE by 2033, with EV penetration rates set to hit 34% and 48% respectively.” The unprecedented surge in demand predicted for many battery materials such as lithium chemicals over the balance of this decade bodes well for developers such as Lepidico.

The Entitlement Offer price of \$0.018 per New Share represents an 18% discount to the previous closing price of \$0.022 and a 31% discount to the 20 day volume weighted average price of the Company’s shares of \$0.0261.

The Entitlement Offer is partially underwritten by Lead Manager Mahe Capital Pty Ltd to \$4.0 million, representing 34.15% of the total offer.

Directors that hold shares in Lepidico plan to participate in the Entitlements Offer.

The timetable for the Entitlement Offer is as follows:

Lodgement of Prospectus with the ASIC	10 October 2022
Lodgement of Prospectus & Appendix 3B with ASX	10 October 2022
Ex date, rights start trading	12 October 2022
Record Date for determining Entitlements	13 October 2022
Prospectus sent out to Shareholders & Company announcement	14 October 2022
Rights stop trading	21 October 2022
Shares quoted on a deferred settlement basis	24 October 2022
Last date for Closing Date to be extended	25 October 2022
Closing Date*	28 October 2022
Announcement of results of issue	31 October 2022
Issue date/Shares entered into Shareholders' security holdings/Appendix 2A issued/Deferred settlement trading ends	4 November 2022
Quotation of Shares and New Options issued under the Offer*	7 November 2022

* 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) to complete Phase 1 Project Front End Engineering & Design
- b) to complete lender due diligence
- c) for Mineral Resource development work to extend Phase 1 life to over 20 years
- d) to start critical path Stage 2 EPCM works for both the concentrator and chemical plant, and
- e) working capital.

The Managing Director has authorised this announcement for release to the market.

- ENDS -

About Lepidico Ltd

Lepidico is an innovative developer of sustainable lithium hydroxide and other critical minerals, and the global leader in lithium mica processing.

With a tech-focused, ESG-led business model that is pilot-proven, our first lithium production – from far less contested mineral sources – are due in 2025. The Phase 1 Project will provide a meaningful contribution to decarbonisation the world's alkali metals supply chains. We are also working to grow our business with our second project, Phase 2. Other businesses have already begun to licence our patented-protected L-Max[®] and LOH-Max[®] technologies providing an avenue for royalty revenues.

For more information, [please visit our website](#).

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
Website: www.lepidico.com

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.