

ASX / MEDIA ANNOUNCEMENT



20 May 2021

Renounceable Entitlement Offer to Fund Development and Growth Opportunities

Highlights

- 1 for 7 renounceable rights issue to raise up to \$9.6 million, partially underwritten to \$7.2 million
- Attractively priced at 1.3 cents per share
- Discount of 19% to the 10 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 2.6 cents and a two-year term
- Shareholders can trade their rights and apply for additional shares and options
- Rights to start trading from 25 May 2021
- Eligible Directors intend to participate
- Funds will be used to fast-track initial development activities for the Phase 1 Project and for advancing the Phase 2 growth project; a drill rig has already been mobilised to site at Karibib
- Lepidico's strategic objective is to immediately start Phase 1 development works to keep the Project on schedule for mining to start in the September 2022 quarter and chemical plant commissioning in the March 2023 quarter, positioning it as a first mover for the new lithium price cycle

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") is pleased to announce a pro-rata Renounceable Entitlement Offer of fully paid ordinary shares in the capital of the Company (**NewShares**) on the basis of one (1) New Share for every seven (7) existing shares held at the record date of 26 May 2021 (**Record Date**) with 1 for 2 free attaching option (**New Options**).

Shares under the Entitlement Offer will be issued at \$0.013 per New Share. The maximum number of New Shares which will be issued under the Entitlement Offer is 741,125,690 to raise up to approximately \$9,634,634 (before expenses, based on the current capital structure of the Company). New Options will have an exercise price of \$0.026, a term of two years and will be listed.

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New Shares issued under the Entitlement 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 Entitlement Offer accompany this announcement. The Company confirms it is in compliance with its continuous disclosure obligations.

Enormous commitments continue to be made to the energy transition thematic by numerous governments and corporations around the world, which underpin the strong demand growth outlook for battery materials and in particular lithium chemicals. Supply-demand dynamics for lithium chemicals have improved dramatically since late 2020 with evidence that stockpiles throughout the supply chain are reducing and many commentators forecasting deficits to emerge as early as the second half of 2021. Benchmark Mineral Intelligence (BMI) recently reported that it expects market tightness before mid-year in lithium hydroxide as prices continued to rise in May 2021. BMI stated, lithium hydroxide ex-works China was up 11.1% in the past two weeks to US\$13,250/t, already above the long-term price assumed by Lepidico in the Phase 1 Project Definitive Feasibility Study. BMI also stated that, “EV and cell production statistics continue to rise within China, up 257.5% and 251.8% on 2020 year-to-date, following a record Q1, cementing a step change in demand in 2021.” 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.

Excellent progress is being made on offtake agreements for all products from the Phase 1 Project, which include lithium, caesium and rubidium chemicals, despite headwinds from COVID-19 related travel restrictions. Binding offtake agreements are expected to be progressively finalised for the Phase 1 products through the second half of calendar 2021, coupled with a full financing package to construct the Project.

To ensure the Project timetable remains intact for mining to start in the September 2022 quarter, concentrator commissioning the following quarter and chemical plant commissioning to commence in the March 2023 period it is imperative that development activities start in the current quarter. Early services, front end engineering and design and early works are all on the Project critical path and can start on finalisation of the Engineering Procurement and Construction Management contract with Lycopodium Minerals Pty Ltd (Lycopodium). Funding for these works will be provided from existing cash and the underwritten component of the Entitlement Offer. These critical development activities will start imminently.

Environmental and Social Impact Assessments, aligned with the Equator Principles and IFC Performance Standards, have been completed for both the mineral concentrator in Namibia and the chemical conversion plant in Abu Dhabi. These studies reveal excellent environmental and social credentials for both elements of the Project. The project funding strategy aims to leverage these attributes to secure Development Finance Institution (**DFI**), Export Credit Agency (**ECA**) and commercial debt. DFI activities have entered the confirmatory due diligence phase with the appointment of independent engineer expected in the next few weeks. Lion’s Head Global Partners (LHGP) continues to advise Lepidico on debt finance for the Project with the timetable for completion in the December 2021 quarter.

Exploration activities continued, albeit on a restricted basis over the past six months with three first-order and five second-order lithium pegmatite targets being identified for priority work programs. An RC drill is scheduled to start work this week to test the lepidolite potential of the first-order targets. Funds from the Entitlement Offer will be used to expand the exploration program by following up on any success from current drilling and to drill test second-order targets.

The Entitlement Offer price of \$0.013 per New Share represents a 19% discount to the 10 day volume weighted average price of the Company’s shares of \$0.016.

The Entitlement Offer is partially underwritten by Lead Manager Mahe Capital Pty Ltd to \$7.2 million, representing 75% of the Entitlement Offer.

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

The timetable for the Entitlement Offer is as follows:

Lodgement of Prospectus with the ASIC	Thursday 20 May 2021
Lodgement of Prospectus & Appendix 3B with ASX	Thursday 20 May 2021
Ex date, rights start trading	Tuesday 25 May 2021
Record Date for determining Entitlements	Wednesday 26 May 2021
Prospectus sent out to Shareholders & Company announcement	Friday 28 May 2021
Rights stop trading	Friday 4 June 2021
Shares quoted on a deferred settlement basis	Monday 7 June 2021
Last date for Closing Date to be extended	Tuesday 8 June 2021
Closing Date*	Friday 11 June 2021
Announcement of results of issue	Tuesday 15 June 2021
Issue date/Shares entered into Shareholders' security holdings/Appendix 2A issued/Deferred settlement trading ends	Friday 18 June 2021
Quotation of Shares and New Options issued under the Offer*	Monday 21 June 2021

* 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 Entitlement Offer as follows:

- a) Critical path Phase 1 Project development activities including early service, front end engineering and design, and early works in Namibia;
- b) Further product sample manufacture for prospective offtake partners;
- c) Lithium Mineral Resource development in Namibia for the Phase 2 Project, and
- d) Working capital.

- ENDS -

Announcement authorised for release by the Board of Lepidico Ltd.

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 processes that have 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 Hydroxide Monohydrate capacity Phase 1 lithium chemical plant, targeting commercial production for 2023. The Project incorporates 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 11.87 Mt grading 0.45% Li₂O, (including Measured Resources of 2.20 Mt @ 0.57% Li₂O, Indicated Resources of 6.73 Mt @ 0.39% Li₂O and Inferred Resources of 2.94 Mt @ 0.50%, at a 0.15% Li₂O cut-off) is estimated. (ASX announcement of 12 March 2021). 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.