

ASX / MEDIA ANNOUNCEMENT



16 December 2021

Binding Offtake Signed with Traxys

- **Binding offtake agreement signed with Traxys for 100% of lithium hydroxide (5,000tpa) production volume from Phase 1**
- **Flexible agreement for Traxys to act as principal, and provide sales-marketing, logistics and trade finance services for a term of 7 years with an option to extend**
- **Agreement includes Traxys acting as agent for caesium sulphate solution (400tpa), with scope to be expanded to other products by mutual agreement**
- **Majority of volumes expected to be sold on a back-to-back contract basis with the balance linked to a market price index. Traxys' net commission is within accepted industry standards**
- **Traxys is a multinational marketer, distributor and trader of base metals & concentrates, chemicals and industrial minerals, rare earths, uranium, materials for steel mills and foundries, and minor and alloying metals.**
- **Traxys is established in global lithium markets with existing customer relationships relevant to Lepidico's product suite**

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") is pleased to announce that it has entered into a binding offtake agreement for sales-marketing, logistics and trade finance with Traxys Europe S.A. ("Traxys") for 100% of the production of lithium hydroxide (5,000tpa) from the Company's planned Phase 1 Project. In addition, Traxys will act as agent for 100% of the production of caesium sulfate solution (400tpa) from the Chemical Plant.

The agreement structure is for Traxys to act as principal to purchase and assume title and risk for delivery of lithium hydroxide and on-sell the products to end users. Traxys will manage the logistics of finished products, provide credit terms to end customers and a trade finance facility to Lepidico. The agreement can be expanded to other products manufactured by Lepidico by mutual agreement.

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The term of the agreement is the later of 7 years or the delivery of 35,000mt of lithium hydroxide with an option to extend by mutual agreement.

The relationship between Lepidico and Traxys will be transparent with both parties collaborating on customer selection and development, and end-user contract terms for lithium hydroxide and caesium sulfate.

It is expected that the majority of volumes sold to Traxys for on-sale to customers will be on a back-to-back contract basis with pricing to be agreed with the end-user customer. For lithium, the agreement also accommodates instances where volume is supplied on a market price index linked basis, with a quarterly true up or reconciliation. The revenues under the Agreement are not expected to vary materially from the Phase 1 Project, Definitive Feasibility Study¹. The net commissions earned by Traxys are competitive within the industry for such an arrangement.

Lepidico's Managing Director, Joe Walsh said, "Traxys has demonstrated its excellent understanding of both global lithium chemicals markets and Lepidico's business needs. The flexible agreement allows Lepidico to agree the sale of lithium chemicals from Phase 1 with independent third parties with Traxys administering the arrangement via back-to back contract. Alternatively, Traxys may arrange lithium offtake itself. We are excited about working with Traxys in an open, transparent, collaborative relationship and establishing a mutually rewarding long-term partnership. Traxys' business provides an excellent fit with Lepidico's target markets and the key strategic products of lithium hydroxide and caesium sulfate. Traxys' experience in the market development of critical minerals and relevant established customer relationships in the public and private sectors provides an excellent profile as a long-term partner for Lepidico.

The Company's marketing strategy to supply both battery supply chain customers and industrial market customers, with a proportion of spot market sales, remains intact. This approach is designed to manage the Project ramp-up and product approval phases, market risk and establish a customer base that will support Lepidico's longer term growth plans for a Phase 2 Project. This strategy also contemplates a U.S. supply nexus to support the debt funding envisaged under the formal mandate with the International Development Finance Corporation."

Traxys' CEO Mark Kristoff said, "Traxys is very pleased to have entered into this agreement with Lepidico. The Phase 1 Project will support the world's growing demand for lithium products necessary to address the energy transition, storage and Electric Vehicle revolutions. Traxys has many customers searching for new, stable, long-term sources of supply that our arrangement with Lepidico will address."

About Traxys

The Traxys Group, headquartered in Luxembourg, is a multinational marketer, distributor and trader of base metals & concentrates, chemicals and industrial minerals, rare earths, uranium, materials for steel mills and foundries and minor and alloying metals. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 450 employees, in over 20 locations worldwide, and its annual turnover is in excess of USD 7 billion.

Offices are established in the USA, Brazil, Mexico, Peru, Luxembourg (HO), Germany, Turkey, Spain, Russia, France, China, Hong Kong, India, Singapore, Zimbabwe and South Africa.

Traxys management is a highly knowledgeable and experienced team consisting of international experts. Collectively, Traxys' management team has more than 200 years of experience in the commodities industry.

Traxys' Energy Metals business contains an established and actively growing lithium division.

¹ ASX Announcement dated 28 May 2020, DFS Delivers Compelling Phase 1 Project Results

Traxys is a global leader in financing, marketing, distribution and financial solutions for the mining, metals and minerals industries. With more than 20 global locations, Traxys continues to add offices, create partner networks, and is aggressively focusing on business development and investment in and with its customers.

Traxys, a privately held company, is owned by Traxys' management team, The Carlyle Group (NASDAQ:CG), and affiliates of Louis M. Bacon, the founder of Moore Capital Management, LP, and Moore Strategic Ventures, LLC, Mr. Bacon's privately held investment company.

Further Information

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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 2023. 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 patent protected L-Max[®] and LOH-Max[®] technologies providing an avenue for royalty revenues.

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

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.