

ASX / MEDIA ANNOUNCEMENT



4 April 2024

Renounceable Entitlements Offer to Fund Arrangement of Phase 1 Financing and Growth Opportunities

Highlights

- 1 for 4 renounceable rights issue to raise up to \$5.7 million, partially underwritten to \$2.0 million
- Attractively priced at 0.3 cents per share
- Discount of 25% to previous closing price and 44% to the 30 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 0.9 cents and a 30 month term
- Shareholders can trade their rights and apply for additional shares and options
- Rights to start trading from 9 April 2024
- Eligible Directors intend to participate in the Offer
- Funds will be used to complete the arrangement of financing for the integrated Phase 1 Project including lender due diligence and securing a strategic partner; to thereby transition Phase 1 into construction and position it as an early mover for this new lithium price cycle
- Lepidico's near term strategic imperatives are to secure a strategic partner for the integrated Phase 1 Project to allow lenders to re-start and finalise their due diligence; in parallel business development activities involve collaboration on the identification and development of potential new large scale lithium mica deposits

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 (**NewShares**) on the basis of one (1) New Share for every four (4) existing shares held at the record date of 10 April 2024 (**Record Date**) with a 1 for 2 free attaching option (**New Options**).

Shares under the Entitlements Offer will be issued at 0.3 cents per New Share. The maximum number of New Shares which will be issued under the Entitlements Offer 1,909,576,987 to raise up to approximately \$5,728,731 (before expenses, based on the current capital structure of the Company). New Options will have an exercise price of 0.9 cents, a term of 30 months and will be listed.

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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.

Strategic partner negotiations for the Phase 1 Project are ongoing under confidentiality with both public sector corporations and Abu Dhabi state organisations, which have become more protracted than envisaged, in large part due to continued volatility in the lithium market. Once the business structure is agreed with preferred partner(s) it is planned to be shared with lenders, including the U.S. Government's Development Finance Corporation (DFC), which should allow debt finance due diligence to resume and be concluded. Of note, independent technical, environmental and social due diligence has been commissioned and completed on behalf of DFC.

By way of background, Phase 1 has been substantially de-risked for a development stage project, with four successively larger pilot trials undertaken in Perth, which have informed the process design criteria that supports the completed Front End Engineering & Design (FEED) for both concentrator and chemical plant. Furthermore, detailed design and engineering has been advanced to the stage where orders need to be placed for long-lead mechanical equipment. Phase 1 has also received all approvals in Namibia and is advanced as regulation allows in Abu Dhabi with approval received to start initial construction works. Capital reduction initiatives for both the upstream Karibib operations in Namibia and the chemical plant in Abu Dhabi are advancing well.

Negotiations are advancing for collaborations on previously unidentified potential large scale lithium mica deposit evaluations. Testwork programs have been designed and are expected to start in the June 2024 quarter, at the expense of the owner. Consideration is being given to a joint venture structure for evaluation, development and operation.

Caesium and rubidium continue to be on the U.S. Government's list of Critical Minerals and are designated as 100% import reliant. Phase 1 is the only development ready Project globally that can provide an independent new source of these strategically important metal compounds to global markets. Research and development activities to assess rubidium as a substitute for caesium in certain industrial applications has been successful but needs to advance further, with proceeds planned for business development under the Offer.

The Minimum Subscription from the Offer is prioritised for completion of financing for Phase 1. Additional funds, up to the Full Subscription amount under the Offer are intended for business development activities (as outlined above) and working capital.

Leading industry commentator Benchmark Mineral Intelligence (BMI) recently stated, "Digital Transformation, Climate Change, Sustainability and ESG, Geopolitical Risk and Demographic Shifts are the macroeconomic megatrends that will shape this century. They are global, seemingly irreversible forces that have already made an incredible mark on economies and societies, and will continue to do so for the next few decades." And, "these forces are giving birth to new, industry-specific megatrends, which will in turn have a tangible impact on business, society and our daily lives." In this context, 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 have been volatile in recent years but new commitments continue to be made globally, part of the energy

transition megatrend, which is highly reliant on lithium for mobile energy storage applications, which includes electric vehicles.

BMI also recently reported that “Electric vehicle sales growth slowed in 2023, largely due to lower growth in China. This was due to the end of China’s EV purchase subsidy and a slowdown in the wider Chinese economy. There is also a natural drop-off in growth rates as EV adoption rises. In 2024, demand is expected to be 1.2Mt LCE, having experienced a 19% CAGR [compound annual growth rate] over the last 5 years. China is forecast to account for 52% of battery-related demand in 2023. Over the next 2 years, demand will increase by around 70%, with China’s share remaining relevantly stable. Strong global EV growth will continue to support lithium demand over the next 20 years. Demand is set to grow at 11% CAGR to 2040 and will reach 2Mt by 2027. Strong demand has been a result of EV demand growth, particularly in China. China’s share of global battery-related lithium demand will fall to 38% by 2030 and 30% by 2040 as EV adoption picks up speed in regions like Europe and North America.”

This unprecedented demand growth predicted for many battery materials – and particularly lithium chemicals – over the balance of this decade bodes well for developers such as Lepidico.

The Entitlement Offer price of 0.3 cents per New Share represents a 25% discount to the previous closing price of 0.4 cents and a 44% discount to the 30 day volume weighted average price of the Company’s shares of 0.54 cents.

The Entitlement Offer is partially underwritten by Lead Manager Mahe Capital Pty Ltd to \$2.0 million, representing 34.9% 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	4 April 2024
Lodgement of Prospectus & Appendix 3B with ASX	4 April 2024
Ex date, rights start trading	9 April 2024
Record Date for determining Entitlements	10 April 2024
Prospectus sent out to Shareholders & Company announcement	15 April 2024
Rights stop trading	22 April 2024
Shares quoted on a deferred settlement basis	23 April 2024
Last date for Closing Date to be extended	24 April 2024
Closing Date*	30 April 2024
Announcement of results of issue	1 May 2024
Issue date/Shares entered into Shareholders’ security holdings/Appendix 2A issued/Deferred settlement trading ends	7 May 2024
Quotation of Shares and New Options issued under the Offer*	8 May 2024

* 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 financing, including strategic partner and lender due diligence
- b) business development opportunities, and
- c) working capital.

- ENDS -

This announcement is intended to lift the trading halt requested by the Company on 3 April 2024

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

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 commercial lithium production – manufactured far more sustainably than by conventional chemical conversion methods – is due in 2026. The Phase 1 Project will provide a meaningful contribution to the decarbonisation of 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](#).

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.