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**LEPIDICO LTD**

**ACN 008 894 442**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10:30am (WST)

**DATE:** 22 November 2018

**PLACE:** The Pinnacles Room  
Parmelia Hilton  
14 Mill Street  
Perth WA 6000

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 20 November 2017.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK RODDA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 14.2 of the Constitution and for all other purposes, Mark Trevor Rodda, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – BRIAN TALBOT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Brian Colin Talbot, a Director who was appointed as an additional Director on 10 January 2018, retires, and being eligible, is elected as a Director."*

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## 5. RESOLUTION 4 – ELECTION OF DIRECTOR – CYNTHIA THOMAS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Cynthia Patricia Thomas, a Director who was appointed as an additional Director on 10 January 2018, retires, and being eligible, is elected as a Director.”*

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## 6. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – GARY JOHNSON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 7,500,000 Options to Gary Johnson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Gary Johnson (or his nominee) and any of their associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 5 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – MARK RODDA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 7,500,000 Options to Mark Rodda (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mark Rodda (or his nominee) and any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**8. RESOLUTION 7 – ISSUE OF OPTIONS TO RELATED PARTY – JULIAN WALSH**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 15,000,000 Options to Julian Walsh (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Julian Walsh (or his nominee) and any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**9. RESOLUTION 8 – ISSUE OF OPTIONS TO RELATED PARTY – BRIAN TALBOT**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 7,500,000 Options to Brian Talbot (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Brian Talbot (or his nominee) and any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the

person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (iii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**10. RESOLUTION 9 – ISSUE OF OPTIONS TO RELATED PARTY – CYNTHIA THOMAS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 7,500,000 Options to Cynthia Thomas (or her nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Cynthia Thomas (or her nominee) and any of their associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 9 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**11. RESOLUTION 10 – ISSUE OF OPTIONS TO RELATED PARTY – TOM DUKOVIC**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Tom Dukovic (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Tom Dukovic (or his nominee) and any of their associates (**Resolution 10**

**Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 10 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 12. RESOLUTION 11 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 13. RESOLUTION 12 – NON-EXECUTIVE DIRECTORS’ REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of clause 14.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from \$250,000 per annum to \$600,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## **14. RESOLUTION 13 – RATIFICATION OF PRIOR ISSUE – SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,619,254 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Venus Metals Corporation Limited or any associates of Venus Metals Corporation Limited. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **15. RESOLUTION 14 – RATIFICATION OF PRIOR ISSUE – OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Options on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of CPS Capital Group Pty Ltd or any associates of CPS Capital Group Pty Ltd. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **16. RESOLUTION 15 – RATIFICATION OF PRIOR ISSUE – SHARES AND FREE-ATTACHING OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 13,157,895 Shares and 11,578,948 free-attaching Options on the terms and conditions set out in the Explanatory Statement."*

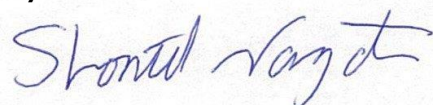
**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of sophisticated and professional investors who are clients of CPS Capital Group Pty Ltd who participated in the issue or any associates of sophisticated and

professional investors who are clients of CPS Capital Group Pty Ltd who participated in the issue. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

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**Dated: 18 October 2018**

**By order of the Board**



**Shontel Norgate  
Company Secretary**

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**Voting in person**

To vote in person, attend the Meeting at the time, date and place set out above.

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**Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9363 7800.***



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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.lepidico.com](http://www.lepidico.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK RODDA**

### **3.1 General**

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting. Clause 14.2 of the Constitution states that the Directors to retire at an annual general meeting are those who have been longest in office since their last election.

Mark Rodda, who has served as a director since 22 August 2016, retires by rotation and seeks re-election.

### **3.2 Qualifications and other material directorships**

*Qualifications - BA, LLB*

Mr Rodda is a lawyer and consultant with over 20 years' private practice, in-house legal, company secretarial and corporate experience. Mr Rodda has considerable practical experience in the management of local and international mergers and acquisitions, divestments, exploration and project joint ventures, strategic alliances, corporate and project financing transactions and corporate restructuring initiatives. Mark currently manages Napier Capital Pty Ltd, a business established in 2008 to provide clients with specialist corporate services and assistance with transactional or strategic projects. Prior to its 2007 takeover by Norilsk Nickel for in excess of \$6 billion, Mark held the position of General Counsel and Corporate Secretary for LionOre Mining International Ltd, a company with operations in Australia and Africa and listings on the TSX, LSE and ASX.

*Other Current Directorships of listed public companies:*

Director of Antipa Minerals Ltd

*Former Directorships of listed public companies in the last 3 years:*

Coalspur Mines Pty Ltd (formerly Coalspur Mines Limited) ceased being a listed public company on 20 November 2015.

### **3.3 Independence**

If elected the board considers Mr Rodda will be an independent director.

### **3.4 Board recommendation**

The Board supports the re-election of Mr Rodda and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTIONS 3 AND 4 – ELECTION OF DIRECTORS – BRIAN TALBOT AND CYNTHIA THOMAS**

### **4.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Brian Talbot and Cynthia Thomas, each having been appointed by other Directors on 18 January 2018 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seek election from Shareholders.

### **4.2 Qualifications and other material directorships**

#### **Resolution 3 – Brian Talbot**

*Qualifications – B.Sc Eng. (Hons)*

Mr Talbot is the Chief Operating Officer of Galaxy Resources Ltd, which holds an 11.9% interest in the Company. He has over 25 years' experience in mining and minerals processing operations. Prior to joining Galaxy Brian was General Manager Operations at Bikita Minerals, a lithium mine in Zimbabwe where he achieved increased product yield and capacity. Brian has also held the positions of mining company director, general manager and metallurgist at various mine operations in Egypt and South Africa with diverse experience in designing, planning and managing profitable mining operations.

#### **Resolution 4 – Cynthia Thomas**

*Qualifications – B.Com, MBA*

Ms Thomas has over 30 years' of banking and mine finance experience, and is currently the Principal of Conseil Advisory Services Inc. ("Conseil"), an independent financial advisory firm specialising in the natural resource industry which she founded in 2000. Prior to founding Conseil, Cynthia worked with Bank of Montreal, Scotiabank and ScotiaMcLeod in the corporate and investment banking divisions. Cynthia holds a Bachelor of Commerce degree from the University of Toronto and a Masters in Business Administration from the University of Western Ontario.

*Other Current Directorships of listed public companies:*

Director and Chair of Victory Nickel Inc. (CSE listed)

*Former Directorships of listed public companies in the last 3 years:*

KWG Resources Inc. (resigned September 2016)

Nautilus Minerals Inc. (resigned 7 December 2016)

## 4.3 Independence

### **Resolution 3 – Brian Talbot**

Mr Talbot is the Chief Operating Officer of Galaxy Resources Ltd, which holds an 11.9% interest in the Company.

If elected the board does not consider Mr Talbot will be an independent director.

### **Resolution 4 – Cynthia Thomas**

Cynthia Thomas has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Ms Thomas will be an independent director.

## 4.4 Board recommendations

### **Resolution 3 – Brian Talbot**

The Board supports the re-election of Brian Talbot and recommends that Shareholders vote in favour of Resolution 3.

### **Resolution 4 – Cynthia Thomas**

The Board supports the re-election of Cynthia Thomas and recommends that Shareholders vote in favour of Resolution 4.

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## 5. RESOLUTIONS 5 TO 10 – ISSUE OF OPTIONS TO RELATED PARTIES

### 5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 55,000,000 Options (**Related Party Options**) to Gary Johnson, Mark Rodda, Julian Walsh, Brian Talbot, Cynthia Thomas and Tom Dukovcic (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Gary Johnson, Mark Rodda, Julian Walsh, Brian Talbot, Cynthia Thomas and Tom Dukovcic are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion,

such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

## **5.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Gary Johnson, Mark Rodda, Julian Walsh, Brian Talbot, Cynthia Thomas and Tom Dukovcic and they are related parties by virtue of being Directors;
- (c) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 7,500,000 Related Party Options to Mr Johnson;
  - (ii) 7,500,000 Related Party Options to Mr Rodda;
  - (iii) 15,000,000 Related Party Options to Mr Walsh;
  - (iv) 7,500,000 Related Party Options to Mr Talbot;
  - (v) 7,500,000 Related Party Options to Ms Thomas; and
  - (vi) 10,000,000 Related Party Options to Mr Dukovcic;
- (d) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (e) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (f) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (g) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (h) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Gary Johnson	361,952,111	24,347,146
Mark Rodda	Nil	12,500,000
Julian Walsh	30,250,000	27,750,000
Brian Talbot	Nil	Nil

Related Party	Shares	Options
Cynthia Thomas	Nil	Nil
Tom Dukovic	10,036,392	22,655,556

- (i) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year (\$)	Previous Financial Year (\$)
Gary Johnson	\$109,500	\$87,600
Mark Rodda	\$87,600	\$65,700
Julian Walsh	C\$490,000	C\$347,250
Brian Talbot	\$54,750	\$23,519
Cynthia Thomas	\$87,600	\$23,501
Tom Dukovic	\$250,000	\$249,677

- (j) if the Related Party Options granted to the Related Parties are exercised, a total of 55,000,000 Shares would be issued. This will increase the number of Shares on issue from 3,356,175,188 to 3,411,175,188 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.62%, comprising 0.22% by the options proposed to be issued to Mr Johnson, 0.22% by the options proposed to be issued to Mr Rodda, 0.44% by the options proposed to be issued to Mr Walsh, 0.22% by the options proposed to be issued to Mr Talbot, 0.22% by the options proposed to be issued Ms Thomas and 0.30% by the options proposed to be issued to Mr Dukovic.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	7.9 cents	15 January 2018
Lowest	1.8 cents	12 September 2018
Last	2 cents	4 October 2018

- (l) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;

- (m) Mr Johnson declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 6, 7, 8, 9 and 10, Mr Dukovic recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (n) Mr Rodda declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 5, 7, 8, 9 and 10, Mr Rodda recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (o) Mr Walsh declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 7 be passed. However, in respect of Resolutions 5, 6, 8, 9 and 10, Mr Walsh recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (p) Mr Talbot declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 8 be passed. However, in respect of Resolutions 5, 6, 7, 9 and 10, Mr Talbot recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (q) Ms Thomas declines to make a recommendation to Shareholders in relation to Resolution 9 due to her material personal interest in the outcome of the Resolution on the basis that she is to be granted Related Party Options in the Company should Resolution 9 be passed. However, in respect of Resolutions 5, 6, 7, 8 and 10, Ms Thomas recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (r) Mr Dukovic declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 10 be passed. However, in respect of Resolutions 5, 6, 7, 8 and 9, Mr Dukovic recommends that

Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m)

- (s) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 to 10.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **6. RESOLUTION 11 – APPROVAL OF 10% PLACEMENT CAPACITY**

### **6.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$67,123,504 (based on the number of Shares on issue and the closing price of Shares on the ASX on 5 October 2018).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has two classes of quoted Equity Securities on issue, being the Shares (ASX Code: LPD) and listed Options (ASX: LPDOA).

If Shareholders approve Resolution 11, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.



Resolution 11 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 11 for it to be passed.

## **6.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 11:

### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 6.2(a)(i), the date on which the Equity Securities are issued.

### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

### **(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 11 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 5 October 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic

dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.01 50% decrease in Issue Price	\$0.02 Issue Price	\$0.03 50% increase in Issue Price
<b>3,356,175,188</b> (Current Variable A)	<b>Shares issued - 10% voting dilution</b>	335,617,519 Shares	335,617,519 Shares	335,617,519 Shares
	<b>Funds raised</b>	\$3,356,175	\$6,712,350	\$10,068,526
<b>5,034,262,782</b> (50% increase in Variable A)	<b>Shares issued - 10% voting dilution</b>	503,426,782 Shares	503,426,782 Shares	503,426,782 Shares
	<b>Funds raised</b>	\$5,034,268	\$10,068,536	\$15,102,803
<b>6,712,350,376</b> (100% increase in Variable A)	<b>Shares issued - 10% voting dilution</b>	671,235,038 Shares	671,235,038 Shares	671,235,038 Shares
	<b>Funds raised</b>	\$6,712,350	\$7,424,701	\$20,137,051

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 3,356,175,188 Shares on issue comprising:
2. The issue price set out above is the closing price of the Shares on the ASX on 5 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(b) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued project development and exploration expenditure on the Company's current asset portfolio (funds would then be used for project, feasibility studies and ongoing project administration) and / or for general working capital ; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(c) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(d) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 23 November 2018 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 22 November 2017, the Company otherwise issued a total of 434,035,037 Shares (excluding exercise of Options) and 275,518,031 Options which represents approximately 23.80% of the total diluted number of Equity Securities on issue in the Company on 22 November 2017, which was 2,981,520,897.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 2.

(e) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### **6.3 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 11.

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## **7. RESOLUTION 12 – NON-EXECUTIVE DIRECTORS' REMUNERATION**

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 14.7 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$250,000. Resolution 12 seeks Shareholder approval to increase this figure by \$350,000 to \$600,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past 3 years, the Company has issued non-executive Directors (and / or their associates) the following securities with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14:

Related Party	Shares	Options
Gary Johnson	Nil	20,000,000
Mark Rodda	Nil	20,000,000
Brian Talbot	Nil	Nil
Cynthia Thomas	Nil	Nil
Laurence Ziatas (former director)	Nil	10,000,000
Rocco Tassone (former director)	Nil	16,666,666

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## **8. RESOLUTION 13 – RATIFICATION OF PRIOR ISSUE – SHARES**

### **8.1 General**

On 31 July 2018, the Company issued 3,619,254 Shares to Venus Metals Corporation Limited as part consideration under the Youanmi Lepidolite Option Agreement (as detailed in the Company's ASX announcements dated 26 July 2018).

Resolution 13 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **8.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 3,619,254 Shares were issued;
- (b) the Shares were issued as art consideration under the Youanmi Option Agreement;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Venus Metals Corporation Limited, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued as part consideration under the Youanmi Option Agreement.

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## **9. RESOLUTION 14 – RATIFICATION OF PRIOR ISSUE – OPTIONS**

### **9.1 General**

On 1 October 2018, the Company issued 5,000,000 Options to CPS Capital Group Pty Ltd (**CPS Capital**) as part of the fees payable to CPS Capital for CPS Capital for acting as underwriter to the Company's entitlement issue completed in October 2018.

Resolution 14 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Ratification**).

A summary of ASX Listing Rule 7.1 and ASX Listing Rule 7.4 is set out in Section 8.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **9.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 5,000,000 Options were issued;
- (b) The Options were issued for nil cash consideration as part of the fees payable to CPS Capital for CPS Capital for acting as underwriter to the Company's entitlement issue completed in October 2018;
- (c) the Options were issued on the terms and conditions set out in Schedule 4;
- (d) the Options were issued to CPS Capital Group Pty Ltd, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Options were issued to CPS Capital for CPS Capital for acting as underwriter to the Company's entitlement issue completed in October 2018.

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## **10. RESOLUTION 15 – RATIFICATION OF PRIOR ISSUE – SHARES AND FREE-ATTACHING OPTIONS**

### **10.1 General**

On 1 October 2018, the Company issued 13,157,895 Shares at an issue price of \$0.019 to raise \$250,000 and 11,578,948 free-attaching Options to sophisticated and professional investors who are clients of CPS Capital.

Resolution 14 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Ratification**).

A summary of ASX Listing Rule 7.1 and ASX Listing Rule 7.4 is set out in Section 8.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **10.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 13,157,895 Shares and 11,578,948 free-attaching Options were issued;
- (b) the Shares were issued at an issue price \$0.019 each;
- (c) the Options were issued for nil cash consideration as they were issued free-attaching to the Shares;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Options were issued on the terms and conditions set out in Schedule 4;
- (f) the Shares and Options were issued to sophisticated and professional investors who are clients of CPS Capital; and

- (g) the funds raised from the issue of the Shares will be applied by the Company towards the Company's working capital requirements as set out in the supplementary prospectus released by the Company on 28 September 2018.



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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 6.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Lepidico Ltd (ACN 008 894 442).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Optionholder** means a holder of an Option or Related Party Option as the context requires.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Option** means an Option granted pursuant to Resolutions 8 to 11 with the terms and conditions set out in Schedule 1.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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The terms and conditions of the Related Party Options are as follows:

(a) **Entitlement**

Each Related Party Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Related Party Option will be equal to that price which is a 50% premium to the five-day weighted average price at which the Company's Shares have traded immediately prior to the date of grant, rounded to the nearest one-tenth of a cent (**Exercise Price**).

(c) **Expiry Date**

Each Related Party Option will expire at 5:00 pm (WST) on that date which is three (3) years after the date that they are issued (**Expiry Date**). An Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Related Party Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Related Party Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options without exercising the Related Party Options.

(k) **Change in exercise price**

An Related Party Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Related Party Option can be exercised.

(l) **Transferability**

The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 5, 6, 7, 8, 9 and 10, have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	8 October 2018
Market price of Shares	2.0 cents
Assumed exercise price (50% premium to 5-day VWAP)	3.0 cents
Expiry date (length of time from issue)	21 November 2021
Risk free interest rate	1.98%
Volatility (discount)	111%
<b>Indicative value per Related Party Option</b>	1.2 cents
<b>Total Value of Related Party Options</b>	
Gary Johnson	\$90,000
Mark Rodda	\$90,000
Julian Walsh	\$180,000
Brian Talbot	\$90,000
Cynthia Thomas	\$90,000
Tom Dukovic	\$120,000

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

**SCHEDULE 3 – ISSUES OF EQUITY SECURITIES SINCE 22 NOVEMBER 2017**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 1 October 2018 Appendix 3B – 1 October 2018	431,035,037	Shares <sup>2</sup>	Eligible shareholders accepting entitlements pursuant to a rights issue prospectus dated 3 September 2018 (417,877,142 Shares) and sophisticated and professional investors (13,157,895 Shares) pursuant to supplementary prospectus dated 28 September 2018	\$0.019 (24% discount to last traded price of Shares on 31 August 2018)	Cash Amount raised: \$8,189,666 Amount spent: Nil Use of funds: As per Company's entitlement issue prospectus dated 3 September 2018 and supplementary prospectus dated 28 September 2018
Issue – 1 October 2018 Appendix 3B – 1 October 2018	215,518,031	Quoted Options <sup>3</sup>	Eligible shareholders accepting entitlements pursuant to a rights issue prospectus dated 3 September 2018 (203,939,083 Options) and sophisticated and professional investors (11,578,948 Options) pursuant to supplementary prospectus dated 28 September 2018	N/A – Options issued free-attaching to Shares set out above	Non-Cash Options issued free-attaching to Shares set out above Current value <sup>5</sup> : \$1,293,108
Issue – 1 October 2018 Appendix 3B – 1 October 2018	5,000,000	Quoted Options <sup>3</sup>	CPS Capital Group Pty Ltd	No issue price (non-cash consideration)	Non-cash Consideration: Part of the fees payable to CPS Capital Group for acting as underwriter to rights issue Current value <sup>5</sup> = \$30,000
Issue – 31 July 2018 Appendix 3B – 31 July 2018	3,619,254	Shares <sup>2</sup>	Venus Metals Corporation Limited	No issue price (non-cash consideration)	Non-cash Consideration: Part consideration for Youanmi Lepidolite Option Agreement Current value <sup>5</sup> = \$72,385
Issue – 17 July 2018 Appendix 3B – 17 July 2018	10,000,000	Shares <sup>2</sup>	Optionholders upon exercise of unlisted Options exercisable at \$0.01815 on or before 3 August 2018	\$0.01815 (premium to market)	Amount raised = \$181,500 Amount spent = \$Nil Use of funds: N/A Amount remaining = \$181,500 Proposed use of remaining funds <sup>4</sup> general working capital
Issue – 11 July 2018 Appendix 3B – 11 July 2018	10,000,000	Shares <sup>2</sup>	Optionholders upon exercise of unlisted Options exercisable at \$0.01815 on or before 3 August 2018	\$0.01815 (premium to market)	Amount raised = \$181,500 Amount spent = \$Nil Use of funds: N/A

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
					Amount remaining = \$181,500 Proposed use of remaining funds <sup>4</sup> general working capital
Issue – 16 May 2018 Appendix 3B – 16 May 2018	5,000,000	Shares <sup>2</sup>	Optionholders upon exercise of unlisted Options exercisable at \$0.01815 on or before 3 August 2018	\$0.01815 (premium to market)	Amount raised = \$90,750 Amount spent = \$Nil Use of funds: N/A Amount remaining = \$90,750 Proposed use of remaining funds <sup>4</sup> general working capital
Issue – 7 May 2018 Appendix 3B – 7 May 2018	15,000,000	Shares <sup>2</sup>	Optionholders upon exercise of unlisted Options exercisable at \$0.01815 on or before 3 August 2018	\$0.01815 (premium to market)	Amount raised = \$272,500 Amount spent = \$Nil Use of funds: N/A Amount remaining = \$272,500 Proposed use of remaining funds <sup>4</sup> general working capital
Issue – 9 March 2018 Appendix 3B – 9 March 2018	1,500,000	Shares <sup>2</sup>	Optionholders upon exercise of unlisted Options exercisable at \$0.015 on or before 8 November 2019	\$0.015 (40% discount to market)	Amount raised = \$22,500 Amount spent = \$Nil Use of funds: N/A Amount remaining = \$22,500 Proposed use of remaining funds <sup>4</sup> general working capital
Issue – 14 December 2017 Appendix 3B – 14 December 2017	7,500,000	Shareholders	Optionholders upon exercise of unlisted Options exercisable at \$0.025 on or before 31 December 2018	\$0.025 (premium to market)	Amount raised = \$187,500 Amount spent = \$Nil Use of funds: N/A Amount remaining = \$187,500 Proposed use of remaining funds <sup>4</sup> general working capital
Issue – 8 December 2017 Appendix 3B – 8 December 2017	12,500,000	Shares <sup>2</sup>	Optionholders upon exercise of unlisted Options exercisable at \$0.025 on or before 31 December 2019	\$0.025 (premium to market)	Amount raised = \$312,500 Amount spent = \$Nil Use of funds: N/A Amount remaining = \$312,500 Proposed use of remaining funds <sup>4</sup>

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
					general working capital
Issue – 8 December 2017 Appendix 3B – 8 December 2017	2,500,000	Shares <sup>2</sup>	Optionholders upon exercise of unlisted Options exercisable at \$0.01 on or before 31 December 2018	\$0.01 (at market)	Amount raised = \$337,500 Amount spent = \$Nil Use of funds: N/A Amount remaining = \$337,500 Proposed use of remaining funds <sup>4</sup> general working capital
Issue – 23 November 2017 Appendix 3B – 24 November 2017	40,000,000	Unquoted Options <sup>3</sup>	Directors – Julian Walsh, Gary Johnston, Mark Rodda and Tom Dukovic	Not applicable	Non-cash Consideration: Director remuneration and incentive Current value <sup>5</sup> = \$200,000
Issue – 23 November 2017 Appendix 3B – 24 November 2017	10,000,000	Unquoted Options <sup>3</sup>	CFO and Joint Company Secretary – Shontel Norgate	Not applicable	Non-cash Consideration: Employee remuneration and incentive Current value <sup>5</sup> = \$50,000

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: LPD (terms are set out in the Constitution).
3. For Quoted Options: Quoted Options, exercisable at 4.5 cents each, on or before 20 September 2020. For Unquoted Options: Unquoted Options exercisable at 9.1 cents on or before 23 November 2020.
4. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
5. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.02) or Options (\$0.006) (as the context requires) on the ASX on 5 October 2018. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).



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**SCHEDULE 4 – TERMS AND CONDITIONS OF OPTIONS- RESOLUTIONS 14 AND 15**

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.045 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 20 September 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after

becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws



Name:

(    )

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Email** registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.