

Lepidico and Desert Lion to Merge to Create a Global Leader in the Development of Lithium Chemicals from Lepidolite

Lepidico 1 for 9 Entitlements Offer to Fund Business Integration, New Development and Growth Opportunities

(PERTH, Australia and TORONTO, Canada) - Lepidico Limited (ASX: LPD) ("Lepidico") and Desert Lion Energy Inc. (TSXV: DLI) ("Desert Lion") today announced they have entered into a definitive arrangement agreement (the "Arrangement Agreement") whereby Lepidico will acquire all of the outstanding common shares of Desert Lion for 5.4 Lepidico ordinary shares for every 1 Desert Lion share (The "Transaction"). The Transaction will create a vertically integrated lithium development company from mine to chemical conversion plant by combining Lepidico's leading proprietary lithium processing technologies with Desert Lion's lepidolite Mineral Resources and extensive exploration package.

The agreed exchange ratio represents a premium of either 38% based on the closing price of Lepidico and Desert Lion shares on 3 May 2019 or 39% based on the 10 trading day volume weighted average price of the shares. Directors and officers of Desert Lion representing 17% of Desert Lion's shares on issue have entered into voting and support agreements to vote in favour of the Transaction.

Transaction Highlights

- The Transaction will combine two companies with highly complementary assets to create an integrated lithium business which has:
 - Lepidico's innovative L-Max[®], LOH-Max[™] and S-Max[™] proprietary process technologies and ore offtake arrangement with Mota Ceramic Solutions ("MCS") from the operational Alvarrões lepidolite mine in Portugal. Mineral Resources – Indicated 2.60Mt @ 0.87% Li₂O & Inferred 3.27Mt @ 0.87% Li₂O;
 - Desert Lion's lepidolite deposits in Namibia and partially developed lepidolite concentrator. Mineral Resources – Indicated 3.0Mt @ 0.63% Li₂O & Inferred 5.8Mt @ 0.53% Li₂O;¹
 - Lepidico's pilot plant with L-Max[®] and S-Max[™] capability, which is in the commissioning phase, and the Phase 1 Plant Project, at the advanced stages of feasibility study which contemplates output capacity of 5,000tpa lithium hydroxide;
 - Battery grade lithium carbonate of 99.8% purity produced from Desert Lion lepidolite mineralisation in L-Max[®] amenability trial; and
 - Desert Lion's non-binding offtake agreement for lithium hydroxide with chemicals and materials multinational corporation BASF SE.
- Lepidico will also undertake a 1 for 9 pro-rata renounceable Entitlements Offer at an issue price of \$0.029 to raise up to \$10.8 million for business integration, new development and growth opportunities, with one (1) free attaching option, for every two (2) new shares issued under the offer. The Entitlements Offer is scheduled to close on 29 May 2019.

¹ NI43-101 compliant. Please refer to section "Desert Lion Mineral Resources" below.

- The merged company will be called Lepidico Ltd and will continue to be headquartered in Perth, Australia. No changes to Lepidico's Board of Directors are planned.

PROPOSED MERGER OF LEPIDICO AND DESERT LION

The Transaction will be effected by way of a statutory plan of arrangement pursuant to the *Business Corporations Act* (Ontario). Under the terms of the Transaction, Desert Lion shareholders will exchange each of their Desert Lion shares for 5.4 ordinary shares of Lepidico. Following the completion of the Transaction, Lepidico will maintain its primary listing on the ASX under the code "LPD", and the Desert Lion common shares will be delisted from the TSXV.

Each option of Desert Lion will be exchanged for a replacement option of Lepidico reflecting the exchange ratio and any outstanding warrants and convertible notes of Desert Lion will be adjusted to allow for the acquisition of Lepidico ordinary shares upon their exercise (also reflecting the exchange ratio). Desert Lion securityholders will hold approximately 15.9% of the shares in the combined company and 19.8% on a fully diluted basis (prior to the effects of the planned entitlements offer). The Transaction is subject to regulatory, court, Desert Lion shareholder approval and Lepidico shareholder approval (if required), together with other customary conditions. The written consent of a majority of the holders of Desert Lion's convertible debt has been obtained and is a condition of closing of the Transaction.

Lepidico has received confirmation from ASX that Listing Rules 11.1.2 and 11.1.3 do not apply to the Transaction. Lepidico will seek a waiver from Listing Rule 7.1 (in relation to the issue of securities the subject of the Transaction) on the basis that Listing Rule 7.2 (exception 5) should apply to the transaction. If the waiver is granted by ASX, Lepidico will not need to seek any shareholder approvals in relation to security issues to be made under the Desert Lion Transaction.

As part of the process resulting in the approval of the Arrangement Agreement, the directors of Desert Lion received an opinion from its financial advisor, INFOR Financial Inc., that the consideration to be received is fair, from a financial point of view, to the shareholders of Desert Lion. Directors and officers of Desert Lion representing 17% of Desert Lion's shares on issue have entered into voting and support agreements to vote in favour of the Transaction. Convertible note holder, AIP Global Macro Fund L.P., has also indicated its support for the transaction.

A Desert Lion management information circular setting out the terms of the Transaction, as well as further information regarding the Transaction and the combined company, is expected to be circulated to all Desert Lion shareholders in June 2019. A special meeting of Desert Lion shareholders to consider the Transaction is expected to be held in July 2019 and the Transaction is expected to be implemented in July 2019.

The Arrangement Agreement includes customary provisions, including a commitment by Desert Lion not to solicit alternative transactions to the Transaction, subject to the right of Desert Lion to accept a superior proposal in certain circumstances, with Lepidico having a five business day right to match any superior proposal. Each company has agreed to pay a termination fee to the other party equal to C\$1 million in certain circumstances.

Lepidico Managing Director Joe Walsh said, "Closing of these transactions announced today will be transformative for Lepidico. They will allow it to advance its technologies and projects to be development ready, and ultimately to deliver on its strategy to fast track the business to free cash flow generation, demonstrate the commercial viability of L-Max[®] and LOH-Max[™], and become a globally significant, vertically integrated lithium chemical producer. The Desert Lion transaction

will provide Lepidico with a direct controlling interest in its first quality lepidolite deposit under an awarded mining license, providing a clear path to development.”

Indicative timetable for merger completion

Announcement of the Transaction	7 May 2019
Dispatch of Company Circular to Desert Lion shareholders	June 2019
Desert Lion Company Meeting	July 2019
Implementation of merger	July 2019

Summary of assets and attributes

Lepidico Ltd	Desert Lion Energy Inc.
L-Max [®] , LOH-Max [™] and S-Max [™] proprietary process technologies	Desert Lion Mineral Resources at Rubicon and Helikon deposits in Namibia of Mineral Resources – Indicated 3.0Mt @ 0.63% Li ₂ O & Inferred 5.8Mt @ 0.53% Li ₂ O plus tantalum credit (NI43-101) ²
Pilot plant with L-Max [®] and S-Max [™] capability is in the commissioning phase – plant developed on schedule and within budget before contingency	10 year Mining Licence granted 20 August 2018 over 68.7km ² for mine and lithium mica concentrator development
Phase 1 Plant Project is in the advanced stages of feasibility study – engineering for Li ₂ CO ₃ production complete, engineering for LiOH capability to commence June 2019	Prospecting Licences covering approximately 1,000km ² , prospective for LCT type pegmatites
Phase 1 Plant Abu Dhabi location trade off study offers potential for fast track to development with enhanced economics versus Sudbury, Canada	Infrastructure: all weather road, water bore-field, water licence, 14 bed camp and laboratory, and materials to construct 7km 22kV power line spur to grid
Research & development capability to evaluate further identified value add process technologies	Two mills and flotation tanks partially refurbished, suitable for a lithium mica concentrator
Ore offtake arrangement with MCS for production from the operational Alvarrões lepidolite mine in Portugal	Memorandum of Understanding with BASF SE to supply up to 5,000 tonnes per year of lithium hydroxide for production of high nickel cathode for a term of up to 10 years with definitive agreements to be negotiated in good faith on or before December 31, 2019.

² Refer to section “Desert Lion Mineral Resources” below.

Alvarrões Mineral Resources of Indicated 2.60Mt @ 0.87% Li ₂ O & Inferred 3.27Mt @ 0.87% Li ₂ O (JORC)	Experienced in-Namibian team lead by Country Manager and COO both with over 20 years' experience
Well capitalised with A\$4.9 million cash and no debt as at 31 March 2019	Testwork by Strategic Metallurgy produced battery grade lithium carbonate using L-Max [®] from Desert Lion mineralisation

The effect of the Transaction and the Entitlements Offer (details of which are set out in further detail below) on the Company's capital structure is as follows:

Shares

	Number
Shares currently on issue	3,356,175,188
Shares offered pursuant to the Entitlement Offer	372,908,354
Shares to be issued pursuant to the Transaction	633,841,875
Total Shares on issue after completion of the Transaction and the Entitlements Offer	4,362,925,417

Options

	Number
Options currently on issue:	
Unquoted exercisable at \$0.015 on or before 8 November 2019	5,000,000
Unquoted exercisable at \$0.091 on or before 23 December 2020	50,000,000
Unquoted exercisable at \$0.025 on or before 31 December 2019	42,500,000
Unquoted exercisable at \$0.025 on or before 31 December 2019	12,500,000
Unquoted exercisable at \$0.026 on or before 22 November 2021	65,000,000
Quoted exercisable at \$0.045 on or before 30 September 2020	220,518,031
New Options to be issued pursuant to the Entitlement Offer:	
Quoted exercisable at \$0.05 on or before the third anniversary of the date of issue	186,454,177
New Options to be issued pursuant to the Transaction:	
Unquoted, with varying exercise prices between \$0.019 and \$0.444 and varying expiry dates between 22 September 2019 and 14 January 2024	181,438,483
Total Options on issue after completion of the Transaction and the Entitlement Offer	763,410,691

Strategic Rationale for Proposed Merger

Lepidico and Desert Lion share a similar strategic objective, to get to free cash flow generation as swiftly as possible by developing a scalable, vertically integrated new lithium chemical business based on lithium mica and lithium phosphate minerals.

Desert Lion's assets provide a platform to advance a mine and lepidolite concentrator into development. Due diligence identified that a feasibility study for the re-development of mines at both the Rubicon and Helikon deposits, and the development of a mineral concentrator. Importantly, Desert Lion has already secured a Mining Licence for a similar development, thereby substantially reducing permitting risk and providing an opportunity to rapidly transition to development. Furthermore, Desert Lion has acquired and is in the process of refurbishing two mills and two banks of flotation cells, which could reduce the capital cost of the concentrator.

Due diligence by Minmet Services Pty Ltd ("Minmet Services") indicates the Desert Lion assets could provide feed to Lepidico's planned Phase 1 Plant for approximately 14 years, based on the current Mineral Resources base. The Alvarrões lepidolite Mineral Resource in Portugal contains a similar quantum of lithium as the Desert Lion Project. These two assets provide an excellent platform from which to grow the Mineral Resource base and thereby support Lepidico's scoping study for a full-scale lithium chemical plant.

L-Max[®] amenability testwork undertaken on a sample of Desert Lion lepidolite mineralisation returned excellent results, with a lithium extraction of 94% from concentrate and production of lithium carbonate with 99.8% purity.

Lepidico recently extended the scope of the Phase 1 Plant Feasibility Study to include a LOH-Max[™] circuit for the production of lithium hydroxide, as well as the evaluation of a plant development in the Industrial City of Abu Dhabi (ICAD). The Study will however, continue to contemplate the base case scenario of Sudbury, Canada for the Phase 1 Plant until the ICAD trade-off study is complete, scheduled for the second half of 2019. Lead Study consultant, Minmet Services, has advised of material capital and operating cost benefits associated with developing the Phase 1 Plant at ICAD and a separate study has revealed that local markets exist for L-Max[®] and S-Max[™] by-products. Logistics costs for shipping concentrate from both Namibia and Portugal to ICAD are estimated to be lower than to Sudbury. Gas, labour and the cost of certain consumables have also been identified as being lower at ICAD. Engineering for the LOH-Max[™] circuit is expected to be completed by Lycopodium in December 2019, which will also take into account the change in location. Finally, ICAD promotes a "plug and play" philosophy for new developments, allowing for rapid permitting and approvals. This is in part afforded by having world class established infrastructure, including power, gas, water and developed roads, storage and logistic hubs that have quick and easy access to multiple ports and airports.

Results for the integrated Phase 1 Plant Feasibility Study are now scheduled for completion in the March 2020 quarter. This will incorporate a new mine plan for Alvarrões based on the recent Mineral Resource upgrade, a mine design for the Desert Lion project following a planned intensive drill programme intended to upgrade the Mineral Resource, following transaction close and a re-engineered Phase 1 lithium hydroxide chemical plant designs for both ICAD and Sudbury. This strategy will provide optionality for the selection of a low permitting risk development scenario, coupled with considerable expansion potential. Commercial production of lithium hydroxide is envisaged in 2021.

The Company intends to undertake a program of drilling to further increase data density and confidence to a level to enable classification of JORC Code 2012 compliant Resources in the Measured and/or Indicated categories to facilitate a subsequent Ore Reserve Estimate which will be funded by the proceeds from the Entitlements Offer. Lepidico intends to undertake this work as a matter of priority following the closing of the Transaction which is anticipated to close by end of July 2019.

Desert Lion Mineral Resources

The Desert Lion Mineral Resources at the Rubicon and Helikon Lithium Projects are located in the Karibib District in Namibia and were initially reported by Desert Lion on 12 October 2018 (news release to TSXV included as Attachment 2). The Mineral Resource estimate (“MRE”) was prepared by independent consultants The MSA Group (Pty) Ltd of South Africa. The Mineral Resource was estimated in accordance with the requirements of the Canadian National Instrument 43-101 (“NI 43-101”).

At a cut-off of 0.2% Li₂O, Desert Lion reports hard rock Mineral Resources of 3.0 Mt @ 0.63% Li₂O of Indicated Resources and 5.8 Mt @ 0.53% Li₂O of Inferred Resources (NI 43-101 terminology), as detailed in the following table.

	Deposit	Resource Category	Cut-off (%Li₂O)	Tonnes (thousands)	Li₂O (%)	Ta₂O₅ (ppm)
Rubicon	Rubicon Main	Indicated	0.20	3,006.9	0.63	70
	Rubicon Main	Inferred	0.20	1,600.9	0.58	67
	Helikon 1	Inferred	0.20	2,030.0	0.62	105
	Helikon 2	Inferred	0.20	215.6	0.56	180
Helikon	Helikon 3	Inferred	0.20	294.7	0.48	75
	Helikon 4	Inferred	0.20	1,510.1	0.38	47
	Helikon 5	Inferred	0.20	179.2	0.31	44
TOTAL	Rubicon + Helikon	Indicated	0.20	3,006.9	0.63	70
	Rubicon + Helikon	Inferred	0.20	5,830.4	0.53	53

The lithium mineralisation is contained within highly fractionated and well zoned LCT-type Li-mineralised pegmatites in the Karibib Pegmatite Belt. The main lithium minerals present are lepidolite, petalite and minor amblygonite. The MRE was based only on modelled lepidolite-bearing zones. Preliminary mineralogical work by Desert Lion has demonstrated that the lithium mineralogy within these zones is dominantly lepidolite. Desert Lion has not reported any subsequent resource estimates.

Desert Lion reports that at a cut-off of 0.2% Li₂O, and using high-level cost and revenue assumptions, the MRE represents mineralisation that will satisfy reasonable prospects for eventual economic extraction by open pit mining.

The main assumptions and parameters used in determining the MRE are

- the Mineral Resource is depleted by surface and underground excavations where available;
- mining costs of USD 3.31/t ore and USD 2.41/t waste;
- crushing, milling and concentration cost of USD 110/t (run of mine), to produce a 4% Li₂O lepidolite concentrate; 25% Ta₂O₅ concentrate and a 4% Li₂O petalite concentrate;
- processing cost USD 2,050/t (lithium carbonate);
- transport cost of USD 15/t product to port;
- revenue of USD 330/t for 4% Li₂O lepidolite concentrate, USD 43,000/t for 25% Ta₂O₅ concentrate, USD 400/t for 4% Li₂O petalite concentrate and USD 13,000/t for lithium carbonate.

Although compliant with NI 43-101, these results may not conform to the requirements in the JORC Code 2012.

The Rubicon and Helikon Resources were reported following an extensive program of work completed by Desert Lion in 2017-18, the key elements of which included

- detailed geological and structural mapping;
- rock sampling – channel, grab, rock chip;
- high resolution ground magnetics;
- mineralogical and metallurgical studies to identify the Li mineral species;
- acquisition of high-resolution geophysics and drone survey data; and
- drilling of 264 RC and diamond drill holes totalling 20,400 metres.

Subsequent to announcement on 12 October 2018, Desert Lion released the results of a Preliminary Economic Analysis (“PEA”) on 1 November 2018 that covers mining, concentrate production and lithium carbonate conversion using roasting technology. Lepidico’s due diligence of the Desert Lion Project included metallurgical test work that shows the lepidolite mineralisation is amenable to concentration and conversion to lithium carbonate using Lepidico’s proprietary L-Max[®] hydrometallurgical process technology. Lepidico plans to integrate the Desert Lion lepidolite deposits into the current Feasibility Study for its Phase 1 L-Max[®] Plant Project (roasting technology will not be considered in this Study). There has been no change to Desert Lion’s Mineral Resources since the announcement of 12 October 2018.

Based on Lepidico’s due diligence and the extensive work completed by Desert Lion and properly reported in its capacity as a listed entity, Lepidico is of the view that the Desert Lion MRE is reliable. This view is further supported by reference to the below criteria, which are further detailed in Attachment 2.

Tenure	The resources are held within granted EPL 5439. A 69 km ² mining lease application (ML 204) is in place encompassing the Rubicon and Helikon deposits. The tenements are owned by a Namibian-registered Desert Lion subsidiary.
Drilling	A large proportion of the drilling was completed by diamond core, with the balance being reverse circulation, thus giving quality sample and geological data. Hole orientation and spacing was verified by Lepidico during the site visit.

	Holes were orientated appropriately to intersect the pegmatites across dip. Drill core is stored and was made available for inspection.
Database integrity	Desert Lion has collated an extensive database that has been extensively reviewed by MSA.
Site visits	MSA undertook a number of site visits and MSA personnel oversaw the resource drilling programmes. Lepidico technical management, including Mr Tom Dukovic, a geologist and Lepidico Director, visited the key pegmatite deposits.
Geology and dimensions of the pegmatites	As detailed in Attachment 2, the geology is well understood, the pegmatites are robust, with lepidolite being the dominant lithium mineral. This was confirmed by Desert Lion by assay-validated XRD analyses of 481 samples.
Estimation and modelling techniques	MSA constructed geological models in Leapfrog Geo, and generated internal domains based on geological logging. Block models were constructed using Datamine Studio 3, and grades were estimated by ordinary kriging and/or inverse distance weighting. SG was determined on diamond drill core.
Cut-off	A cut-off of 0.2% Li ₂ O was used, which correlates with lepidolite-bearing domains.
Metallurgical factors	Desert Lion undertook testwork that confirmed successful flotation of a lepidolite concentrate grading 4% Li ₂ O. Testwork by Lepidico on a sample of Rubicon lepidolite-bearing material using its L-Max [®] process produced lithium carbonate of 99.8% purity.
Classification	As most of the resources are classified in the “Inferred” category under NI43-101, there is no concern that the resources are overestimated.
Audits or reviews	Lepidico engaged an independent CP to conduct a review of the Desert Lion MRE, which was able to reproduce the figures reported by Desert Lion. Some concern was expressed about using channel sampling data, which Lepidico does not regard as material.

Lepidico is of the opinion that there exists sufficient information to undertake a JORC Code 2012 compliant Mineral Resource estimate. However, as a matter of priority it is Lepidico’s intention, following completion of the proposed merger, to undertake a program of drilling to further increase data density and confidence to a level to enable classification of JORC Code 2012 compliant Resources in the Measured and/or Indicated categories to facilitate a subsequent Ore Reserve Estimate.

Mr Tom Dukovic, a full-time employee of Lepidico, and a Competent Person as defined by the JORC Code 2012, confirms that the information in this market announcement is an accurate representation of the available data and studies for the Desert Lion Lithium Project.

Cautionary statement: The above estimates of mineral resources have not been reported in accordance with the JORC Code 2012 and a Competent Person has not done sufficient work to classify the estimates of mineral resources in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012. Nothing has come to the attention of Lepidico that causes it to question the accuracy or reliability of Desert Lion’s estimates but Lepidico is not to be regarded as reporting, adopting or endorsing those estimates. *(Note: terms relating to mineral resources in this cautionary statement have not been capitalised as the resources in question have been reported under NI43-101 and not JORC Code 2012).*

ENTITLEMENTS OFFER

- **1 for 9 renounceable rights issue to raise up to \$10.8 million**

- **Attractively priced at 2.9 cents per share**
- **Discount of 26% to the 10 day volume weighted average share price and 24% to the closing share price on 3 May 2019**
- **With every two new shares issued, shareholders will receive one free attaching option**
- **New options will be listed, have an exercise price of 5.0 cent and a term of three years**
- **Shareholders can trade their rights and apply for additional shares and options**
- **Rights to start trading from 10 May 2018**
- **Galaxy Resources Ltd & Bacchus Capital Advisors plan to take up their full entitlements**
- **Directors of Lepidico intend to participate**
- **Funds will be used for Business integration, new development and growth opportunities**

Shares under the Entitlements Offer will be issued at \$0.029 per New Share. The maximum number of New Shares which will be issued under the Entitlements Offer is 372,908,354 to raise up to approximately \$10,814,342 (before expenses, based on the current capital structure of Lepidico). New Options will be listed, have an exercise price of \$0.05 and a three year term.

New Shares issued under the Entitlements Offer will rank equally with existing shares and Lepidico will apply for official quotation of the New Shares and New Options.

An Appendix 3B and a prospectus (the "Prospectus") in respect of the Entitlements Offer will follow this announcement. Lepidico confirms it is in compliance with its continuous disclosure obligations.

The Entitlement Offer is partially underwritten by Lead Manager CPS Capital Group Pty Ltd ("CPS") to \$3.0 million. The Company will pay the following fees to CPS:

- (a) a lead manager fee of \$60,000;
- (b) a management fee of 1% of the total amount raised under the Offer;
- (c) an underwriting fee of 5% of the underwritten amount; and
- (d) a placement fee of 5% of any shortfall securities placed beyond the underwritten amount.

It is intended that the proceeds of the Entitlements Offer will fund the integration of the Desert Lion business post-merger, including the evaluation of a mine and concentrator development at the Desert Lion Project, for incorporation into the Phase 1 Plant Feasibility Study. In the event that the Plan of Arrangement does not complete, these proceeds will be used by Lepidico for the acquisition of alternative lithium assets and Mineral Resource development.

If sufficient proceeds are raised from the Entitlements Offer, Lepidico will use these additional proceeds to: undertake LOH-MaxTM engineering and revised location evaluation for the Phase 1 Plant Feasibility Study; undertake further L-Max[®] and LOH-MaxTM product development work; accelerate drilling activities at Alvarrões in Portugal and other exploration; working capital; and expenses of the offer.

The Entitlement Offer price of \$0.029 per New Share represents a 24% discount to the last traded price of Lepidico's shares being \$0.038 on 3 May 2019, and a 26% discount to the 10-day volume weighted average price of your Company's shares.

All Directors who hold Shares currently intend to participate in their personal capacity to the fullest extent possible, subject to funding.

The Company has been advised that Galaxy Resources Ltd (ASX: GXY) intends to take up its full entitlement in the Entitlements Offer. In addition, Bacchus Capital Advisers Ltd, Lepidico's financial adviser, has advised its intention to take up its rights under the Entitlement Offer.

The timetable for the Entitlement Offer is as follows:

Lodgement of prospectus with ASIC and ASX	7 May 2019
Notices sent to option holders	7 May 2019
Notices sent to shareholders	9 May 2019
Ex-date, rights start trading	10 May 2019
Record Date for determining Entitlements	13 May 2019
Prospectus sent to shareholders & Company announcement	14 May 2019
Rights stop trading	22 May 2019
Shares quoted on a deferred settlement basis	23 May 2019
Last date for Closing Date to be extended	24 May 2019
Closing Date*	29 May 2019
ASX notified of under subscriptions	31 May 2019
Issue date / shares entered into shareholders' security holdings / deferred settlement trading ends	5 June 2019
Quotation of shares and options issued under the Entitlements Offer*	6 June 2019

* 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.

Advisers

Bacchus Capital Advisers Ltd is acting as Lepidico's exclusive financial adviser, and Stikeman Elliott LLP and Steinepreis Paganin are acting as Lepidico's legal advisers.

INFOR Financial Inc. is acting as Desert Lion's exclusive financial adviser, and Fasken Martineau DuMoulin LLP is acting as Desert Lion's legal adviser.

ENDS

Further Information

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About Lepidico Ltd

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium chemicals. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite. The L-Max® Process has the potential to complement the lithium market by adding low-cost lithium carbonate supply from alternative sources. More recently Lepidico has added LOH-Max™ to its technology base, which produces lithium hydroxide from lithium sulphate without by-produce sodium sulphate. Lepidico is currently conducting a Feasibility Study for a 5,000 tonne per annum Phase 1 lithium chemical plant, targeting commercial production for late 2020. Work is currently being undertaken to evaluate the incorporation of LOH-Max™ into the Phase 1 Plant Project flow sheet. Feed to the Phase 1 Plant is planned to be sourced from the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Grupo Mota (ASX announcement of 7 December 2017). Lepidico has delineated a JORC Code-compliant Mineral Resource estimate at Alvarrões of Indicated 2.60Mt @ 0.87% Li₂O & Inferred 3.27Mt @ 0.87% Li₂O (ASX announcement of 11 April 2019).

Lepidico's current exploration assets include a farm-in agreements with Venus Metals Corporation Limited (ASX:VMC) over the lithium mineral rights at the Youanmi Lithium Project in Western Australia. Lepidico also has a Letter of Intent with TSX listed Avalon Advanced Materials Inc. for planned lithium mica concentrate supply from its Separation Rapids Project in Ontario, Canada.

About Desert Lion Energy Inc.

Desert Lion Energy is a Toronto based emerging lithium development company focused on building Namibia's first large-scale lithium mine located near the town of Karibib approximately 210 km from the nation's capital of Windhoek and 220 km from the Port of Walvis Bay. Desert Lion's Rubicon and Helikon mines, which have been mined intermittently for petalite and tantalum since the 1930's, are located within a prospective land package covering approximately 1,000 km². The project site is accessible year-round by road and has access to power, water, rail, port, airport and communication infrastructure. Desert Lion has delineated a NI 43-101 compliant Mineral Resource estimate at Rubicon and Helikon of Indicated 3.0Mt @ 0.63% Li₂O and 59ppm Ta₂O₅ & Inferred 5.8Mt @ 0.53% Li₂O and 59ppm Ta₂O₅ (TSXV announcement of 12 October 2018).

Qualified Persons Consents

The information in this report that relates to the Alvarrões Mineral Resource estimate is based on information compiled by John Graindorge who is a Chartered Professional (Geology) and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the

2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Lepidico Exploration Results is based on information compiled by Mr Tom Dukovcic, who is an employee of Lepidico and a member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the styles of mineralisation and the types of deposit under consideration, and to the activity that has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr Dukovcic consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

The information in this report that relates to the Desert Lion Mineral Resource estimates is based on information compiled and verified by Mike Venter, Pr.Sci.Nat and VP Exploration for Desert Lion, who is a Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”).

Tim Johnston, CPEng, Chief Executive Officer of Desert Lion Energy Inc, and a Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) has reviewed and approved the scientific and technical information contained in this news release pertaining to the Namibian Property and was responsible for verifying the data herein.

Cautionary Note Regarding Forward-Looking Statements

This news release contains “forward-looking information” within the meaning of applicable securities laws. Generally, any statements that are not historical facts may contain forward-looking information, and forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget” “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or indicates that certain actions, events or results “may”, “could”, “would”, “might” or “will be” taken, “occur” or “be achieved.” Forward-looking information is based on certain factors and assumptions management believes to be reasonable at the time such statements are made, including but not limited to, anticipated benefits associated with the Transaction, the timing and completion of the Transaction, the satisfaction of closing conditions of the Transaction, continued exploration activities, lithium and other metal prices, the estimation of initial and sustaining capital requirements, the estimation of labour and production costs, the estimation of mineral reserves and resources, assumptions with respect to currency fluctuations, the timing and amount of future exploration and development expenditures, receipt of required regulatory approvals, the availability of necessary financing for the Phase I Plant Project, permitting and such other assumptions and factors as set out herein.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Lepidico to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks related to changes in lithium prices; sources and cost of power and water for the Project; the estimation of initial capital requirements; the lack of historical operations; the estimation of labour and operating costs; general global markets and

economic conditions; risks associated with exploration, development and operations of mineral deposits; the estimation of initial targeted mineral resource tonnage and grade for the Project; risks associated with uninsurable risks arising during the course of exploration, development and production; risks associated with currency fluctuations; environmental risks; competition faced in securing experienced personnel; access to adequate infrastructure to support exploration activities; risks associated with changes in the mining regulatory regime governing Lepidico and the Project; completion of the environmental assessment process; risks related to regulatory and permitting delays; risks related to potential conflicts of interest; the reliance on key personnel; financing, capitalization and liquidity risks including the risk that the financing necessary to fund continued exploration and development activities at the Project may not be available on satisfactory terms, or at all; the risk of potential dilution through the issuance of additional common shares of Lepidico; the risk of litigation.

Although Lepidico has attempted to identify important factors that cause results not to be as anticipated, estimated or intended, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this presentation and Lepidico does not undertake to update or revise any forward-looking information this is included herein, except in accordance with applicable securities laws.

Attachment 1

Summary of Arrangement Agreement

Lepidico and Desert Lion have entered into a definitive arrangement agreement dated 6 May 2019 (the “AA”) setting out, among other things, each party’s obligations in connection with the implementation of a plan of arrangement (the “Plan of Arrangement”) pursuant to which Lepidico would acquire Desert Lion (the “Transaction”).

A summary of the structure of the Plan of Arrangement and an outline of the key terms and conditions of the AA are set out below.

Plan of Arrangement

The Transaction will be effected by way of a statutory plan of arrangement pursuant to the *Business Corporations Act* (Ontario). Under the terms of the Plan of Arrangement, Desert Lion shareholders will exchange each of their Desert Lion shares for 5.4 ordinary shares of Lepidico.

Conditions Precedent

Consummation of the Plan of Arrangement is subject to the following conditions precedent:

- The Transaction being approved and adopted by Desert Lion shareholders and Lepidico shareholders (if required);
- The interim and final orders of the Ontario Superior Court of Justice having been obtained for the Plan of Arrangement;
- The Transaction not being illegal or otherwise prohibited by law (other than a law relating to regulatory approval);
- All required regulatory and legal approvals being obtained;
- ASX approval to the listing of Lepidico shares and options to be issued under the Plan of Arrangement;
- The representations and warranties made by each of Lepidico and Desert Lion in the AA remaining true and correct;
- Both parties having fulfilled or complied with all covenants contained in the AA and there having been no material adverse effect since the date of the AA;
- Written confirmation from the majority holders of the Convertible Notes that Desert Lion is not in default under the terms of the Convertible Notes, and written consent from the majority holders of the Convertible Notes with respect to the “Change of Control” that will result from consummation of the Transaction;
- Lepidico depositing in escrow new shares and replacement options to be issued to Desert Lion security holders in accordance with the AA; and
- Desert Lion having received prior to the date of the AA a duly executed copy of the Underwriting Agreement.

Implementation

Each of Lepidico and Desert Lion is obliged to take all necessary steps to implement the Plan of Arrangement in accordance with the AA, including assisting in the preparation of a Desert Lion management information circular, the provision of the information and the seeking of regulatory and court approvals. Further, each of Lepidico and Desert Lion are obliged to carry on their respective businesses in the ordinary course consistent with their past practice.

Termination

The AA provides for the following termination rights:

- By mutual written agreement by both parties;
- By either party if: (i) the Transaction is not approved by Desert Lion shareholders; (ii) the Transaction is not approved by Lepidico shareholders (if required by the ASX); (iii) if the relevant laws change which make the consummation of the Transaction illegal; (iv) if the Transaction has not been completed on or prior to July 31, 2019 or such later date as may be agreed to in writing by the parties;
- By Desert Lion if: (i) there is a material breach of any representation or warranty or covenant of the AA by Lepidico; (ii) the Desert Lion board authorizes Desert Lion to enter into a superior proposal; (iii) Lepidico fails to promptly close upon closing conditions having been satisfied or waived by the applicable parties; (iv) Lepidico board changes its unanimous recommendation that Lepidico shareholders vote in favour of the Transaction; and
- By Lepidico if: (i) there is a material breach of any representation or warranty or covenant of the AA by Desert Lion; (ii) if the Desert Lion board changes its recommendation, enters into an alternative acquisition proposal with another party or wilfully breaches its non-solicitation obligations; (iii) Desert Lion fails to promptly close upon closing conditions having been satisfied or waived by the applicable parties.

Termination Fee

Lepidico and Desert Lion have agreed as follows:

- Desert Lion will pay the termination fee of C\$1 million to Lepidico if the AA is terminated:
 - by Lepidico due to Desert Lion's wilful breach of its non-solicitation obligations or the Desert Lion board changes its recommendation or enters into an alternative acquisition proposal with another party;
 - by Lepidico due to Desert Lion failing to promptly close upon closing conditions having been satisfied or waived by the applicable parties;
 - by Desert Lion due to Desert Lion board authorizing Desert Lion to enter into a superior proposal; or
 - by Desert Lion or Lepidico due to Transaction not being approved by Desert Lion shareholders, if: (i) following the date of the AA and prior to the meeting of Desert Lion shareholders, a bona fide acquisition proposal involving Desert Lion has been publicly announced by any person; (ii) such acquisition proposal has not expired or been publicly withdrawn at least five business days prior to the meeting of Desert Lion shareholders; and (iii) within six months following the date

of such termination (a) an acquisition proposal is consummated or Desert Lion enters into a contract in respect of an acquisition proposal and such acquisition proposal is later consummated within six months following the date Desert Lion enters into such contract.

- Lepidico will pay the reverse termination fee of C\$1 million to Desert Lion if the AA is terminated:
 - by Desert Lion due to Lepidico failing to promptly close upon closing conditions having been satisfied or waived by the applicable parties;
 - by Desert Lion due to Lepidico board changing its unanimous recommendation that Lepidico shareholders vote in favour of the Transaction; or
 - by Desert Lion or Lepidico due to Transaction not being approved by Lepidico shareholders (if required), if: (i) following the date of the AA and prior to the meeting of Lepidico shareholders, a bona fide acquisition proposal involving Lepidico has been publicly announced by any person; (ii) such acquisition proposal has not expired or been publicly withdrawn at least five business days prior to the meeting of Lepidico shareholders; and (iii) within six months following the date of such termination (a) an acquisition proposal is consummated or Lepidico enters into a contract in respect of an acquisition proposal and such acquisition proposal is later consummated within six months following the date Lepidico enters into such contract.

Otherwise all costs and expenses incurred in connection with the AA shall be paid for by the party incurring such cost or expense.

Representations and Warranties

Each of Lepidico and Desert Lion has given representations and warranties to the other, which are considered to be customary for an agreement of this nature.

Definitions

Change of Control means due to a transaction or event, Lepidico owns greater than 50% of Desert Lion.

Convertible Notes means the secured convertible promissory notes issued pursuant to the note purchase agreement dated 31 October 2018 between Desert Lion and AIP Asset Management Inc., as security agent, and AIP Global Macro Fund L.P., as note holder.

Underwriting Agreement means an underwriting agreement dated 6 May 2019 providing for an equity financing by Lepidico in an amount of no less than A\$3,000,000.

Attachment 2



DESERT LiON ENERGY

NEWS RELEASE

DESERT LION ENERGY ANNOUNCES MAIDEN MINERAL RESOURCE ESTIMATE ESTABLISHING A SIGNIFICANT LITHIUM (LEPIDOLITE) PROJECT

TORONTO, Canada, October 11, 2018 – Desert Lion Energy Inc. (TSXV: DLI) (OTCQB: DSLEF) (“**Desert Lion**” or the “**Company**”) is pleased to announce its maiden Mineral Resource estimate (“**MRE**”) completed for its Namibian Lithium project. The MRE was prepared by independent consultants The MSA Group (Pty) Ltd. (“**MSA**”) of South Africa.

HIGHLIGHTS:

- 3.0 Million tons at a grade of 0.63% Li₂O in the Indicated category at a 0.20% Li₂O cut-off
- 5.8 Million tons at a grade of 0.53% Li₂O in the Inferred category at a 0.20% Li₂O cut-off
- Rubicon deposit remains open downdip, and there is significant potential to delineate additional deposits within the Mining and Exploration licenses.
- Estimate based on 264 holes, totaling 21,400 meters of drilling, 49 pits totaling 104m and 65 channel samples
- Results expected to enhance and support robust economics due to the Project’s proximity to high quality existing infrastructure and low-cost operating environment in Namibia
- With the positive results of the MRE, the Company intends to issue its Preliminary Economic Assessment prior to the end of October 2018

“We are very pleased with the maiden Mineral Resource estimate as the results show the potential for the Company to establish a significant pegmatite-hosted lepidolite lithium project,” commented Tim Johnston, CEO of Desert Lion. The Project’s at or near surface mineralization, proximity to high quality existing infrastructure and the low-cost operating environment in Namibia provide significant advantages as we continue to develop the project towards completion of the Preliminary Economic Assessment.”

GEOLOGY AND MINERALISATION

The Project is located in the southern Central Zone of the Damara Belt in which other deposits have been discovered and exploited. Included amongst these deposits are Li-Be, Sn and tourmaline-bearing Lithium Cesium Tantalite (LCT) type family pegmatites and U-bearing Niobium Yttrium Fluorine family pegmatitic leucogranites, which have been intruded into the tightly folded supracrustal rocks of the Damara Supergroup.

The pegmatites of the Damara Orogen occur in five major belts with those in the Southern Tin and Karibib Pegmatite Belts containing large, well zoned Li-Be- gem tourmaline bearing LCT type. The Karibib Pegmatite Belt contains numerous LCT occurrences and workings, with the Rubicon and Helikon pegmatites being classic examples of highly fractionated and well zoned LCT type pegmatites.

At Rubicon a series of stacked sub parallel pegmatites intrude a variable dioritic and pegmatitic granite sequence with the Rubicon Main pegmatite body forming a prominent ridge which strikes approximately 1,200m northwest and dips between 20° and 65° to the northeast; with dips averaging 45° near surface but flattening to about 18-25° at depth.

The Rubicon Main pegmatite (Figure 1) consists of two ellipsoidal well zoned, Li-mineralised bodies developed around two quartz cores and surrounded by a zone of quartz-feldspathic pegmatite. At Rubicon, the main lithium minerals present are lepidolite and petalite. Historical mining has also produced waste dumps and slimes dumps that contain lithium mineralisation predominantly hosted in lepidolite, with minor petalite and tantalite.

The historical Helikon workings expose a series of stacked, sub parallel LCT type pegmatites that have been intruded into marbles and calc silicates of the Karibib Formation. The five pegmatites (Helikon 1-5) that form part of the MRE have in the past been exploited for lithium bearing minerals (lepidolite, petalite and amblygonite), tantalite as well as beryl. Helikon 1, located 750m to the south of Helikon 2 – 5, is the largest exposed pegmatite at the Project with a strike length of 350m, an average thickness of 65m and dips 70° to the north. The Helikon 2 – 5 pegmatites define a discontinuous strike length of some 1,700m with steep but variable dips and thicknesses.

MINERAL RESOURCE ESTIMATE

The maiden Mineral Resource estimate comprising the Rubicon, Rubicon Slimes, Helikon 1, Helikon 2, Helikon 3, Helikon 4 and Helikon 5 deposits was based on assay and geological/mineralogical data generated from three phases of channel, pitting, diamond and reverse circulation drilling completed by the Company since 2017.

The Mineral Resource was estimated using The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Best Practice Guidelines (2003) and is reported in accordance with the 2014 CIM Definition Standards, which have been incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101). The Mineral Resource is classified into Inferred and Indicated categories. Both hard rock and slimes Mineral Resources are reported with an effective date of 01 October 2018

The hard rock Mineral Resource is based on a cut-off grade of 0.2% Li₂O. High-level cost and revenue assumptions have been used, the QP considers that the mineralisation at this cut-off grade will satisfy reasonable prospects for eventual economic extraction (RPEEE).

The Mineral Resource for the hard rock deposits is stated as follows:

	Deposit	Resource Category	Cut-off (%Li ₂ O)	Tonnes (thousands)	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
Rubicon	Rubicon Main	Indicated	0.20	3,006.9	0.63	70
	Rubicon Main	Inferred	0.20	1,600.9	0.58	67
Helikon	Helikon 1	Inferred	0.20	2,030.0	0.62	105
	Helikon 2	Inferred	0.20	215.6	0.56	180
	Helikon 3	Inferred	0.20	294.7	0.48	75
	Helikon 4	Inferred	0.20	1,510.1	0.38	47
	Helikon 5	Inferred	0.20	179.2	0.31	44
	TOTAL	Rubicon + Helikon	Indicated	0.20	3,006.9	0.63
Rubicon + Helikon		Inferred	0.20	5,830.4	0.53	53

1. The Mineral Resource is stated as at 1 October 2018.
2. The Mineral Resource is depleted by surface and underground excavations where available.
3. All tabulated data has been rounded and as a result minor computational errors may occur.
4. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
5. Preliminary mineralogical work has demonstrated that the lithium mineralogy is dominantly lepidolite. Test work indicates that mineralogical separation of the lepidolite and petalite is possible under laboratory conditions.
6. For determination of reasonable prospects for eventual economic extraction the following assumptions have been applied:
 - a. Mining costs of USD 3.31/t ore and USD 2.41/t waste,
 - b. Crushing, milling and concentration cost of USD 110/t (run of mine), to produce a 4% Li₂O lepidolite concentrate; 25% Ta₂O₅ concentrate and a 4% Li₂O petalite concentrate.

- c. Processing cost USD 2,050/t (lithium carbonate),
- d. Transport cost of USD 15/t product to port.
- e. Revenue of USD 330/t for 4% Li₂O lepidolite concentrate, USD 43,000/t for 25% Ta₂O₅ concentrate, USD 400/t for 4% Li₂O petalite concentrate and USD 13,000/t for lithium carbonate.

In addition to the hard rock deposits, a Mineral Resource is reported for the Rubicon Slimes. The Mineral Resource is reported for the total slimes deposit. The Li₂O block estimates are all greater than 0.20% Li₂O, which MSA considers has reasonable prospects for eventual economic extraction, particularly given the bulk mining, non-selective nature of slimes reclamation. The Mineral Resource is classified into the Inferred and Indicated categories.

The Mineral Resource for the slimes deposit is stated as follows:

		Resource Category	Tonnes (thousands)	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
Rubicon	Rubicon Slimes	Indicated	62.2	0.97	82
	Rubicon Slimes	Inferred	7.2	0.80	85

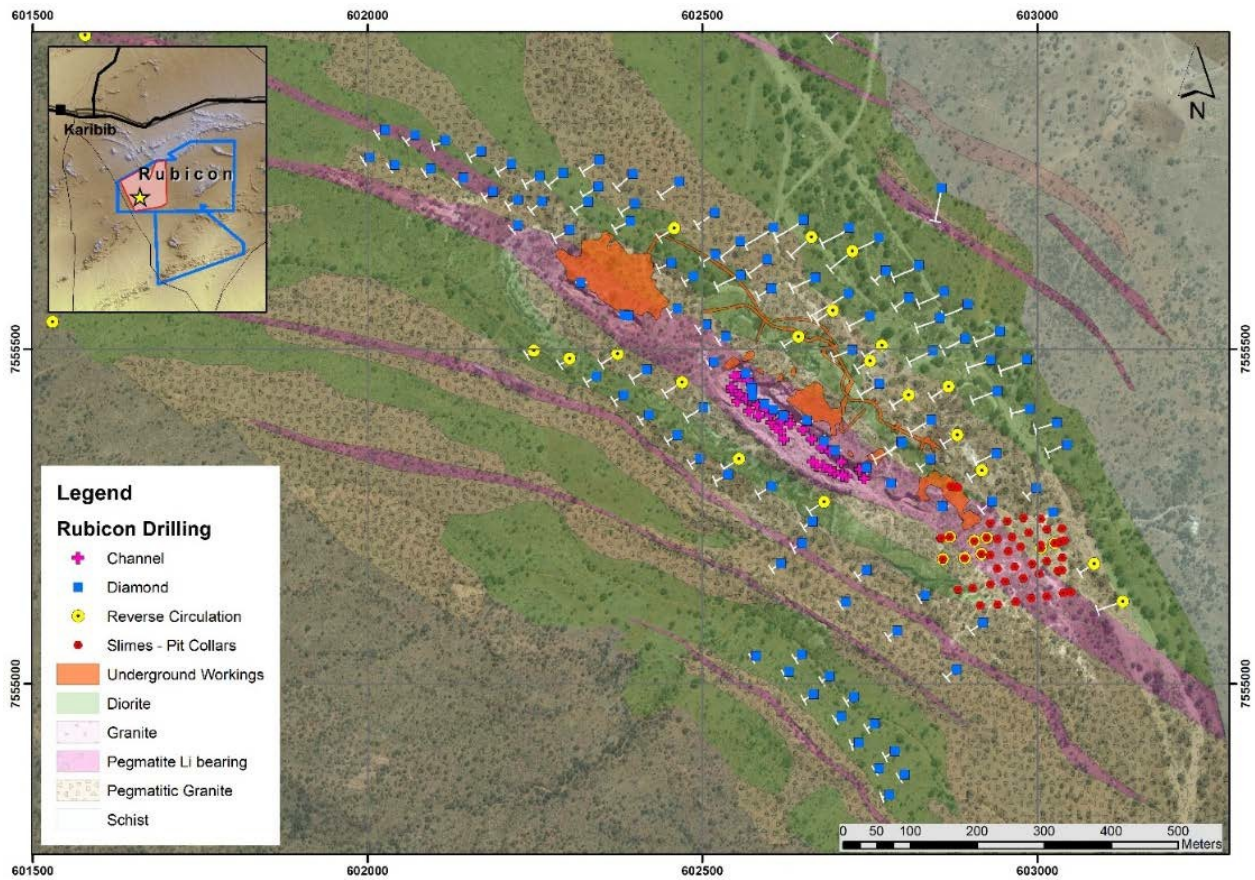
1. The Mineral Resource is stated as at 1 October 2018.
2. The Mineral Resource is volume is estimated from topographic and drilling data.
3. All tabulated data has been rounded and as a result minor computational errors may occur.
4. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
5. For determination of reasonable prospects for eventual economic extraction the following assumptions have been applied:
 - a. Mining cost of USD 1/t slimes.
 - b. Milling and concentration cost of USD 110/t (slimes), to produce a 4% Li₂O lepidolite concentrate; 25% Ta₂O₅ concentrate and a 4% Li₂O petalite concentrate.
 - c. Processing cost USD 2,050/t (lithium carbonate).
 - d. Transport cost of USD 15/t product to port.
 - e. Revenue of USD 330/t for 4% Li₂O lepidolite concentrate, USD 43,000/t for 25% Ta₂O₅ concentrate, USD 400/t for 4% Li₂O petalite concentrate and USD 13,000/t for lithium carbonate.

RUBICON

A total of 142 DD and RC holes were drilled on a general 50m x 50m grid totaling over 10,000m, including 35 channel samples. The Rubicon Main pegmatite has been delineated over a strike length of 1,200m and to a modelled downdip extent of 280m from surface. The deposit remains open down dip to the north east.

The Rubicon Slimes, comprising of tailings residue from previous operations was estimated through a total of 36 pits totaling 54.3m, 8 RC drill holes totaling 42m and 5 trenches totaling 7.2m (Figure 1).

Figure 1. Rubicon MRE Drilling, Channel Sampling and Pitting



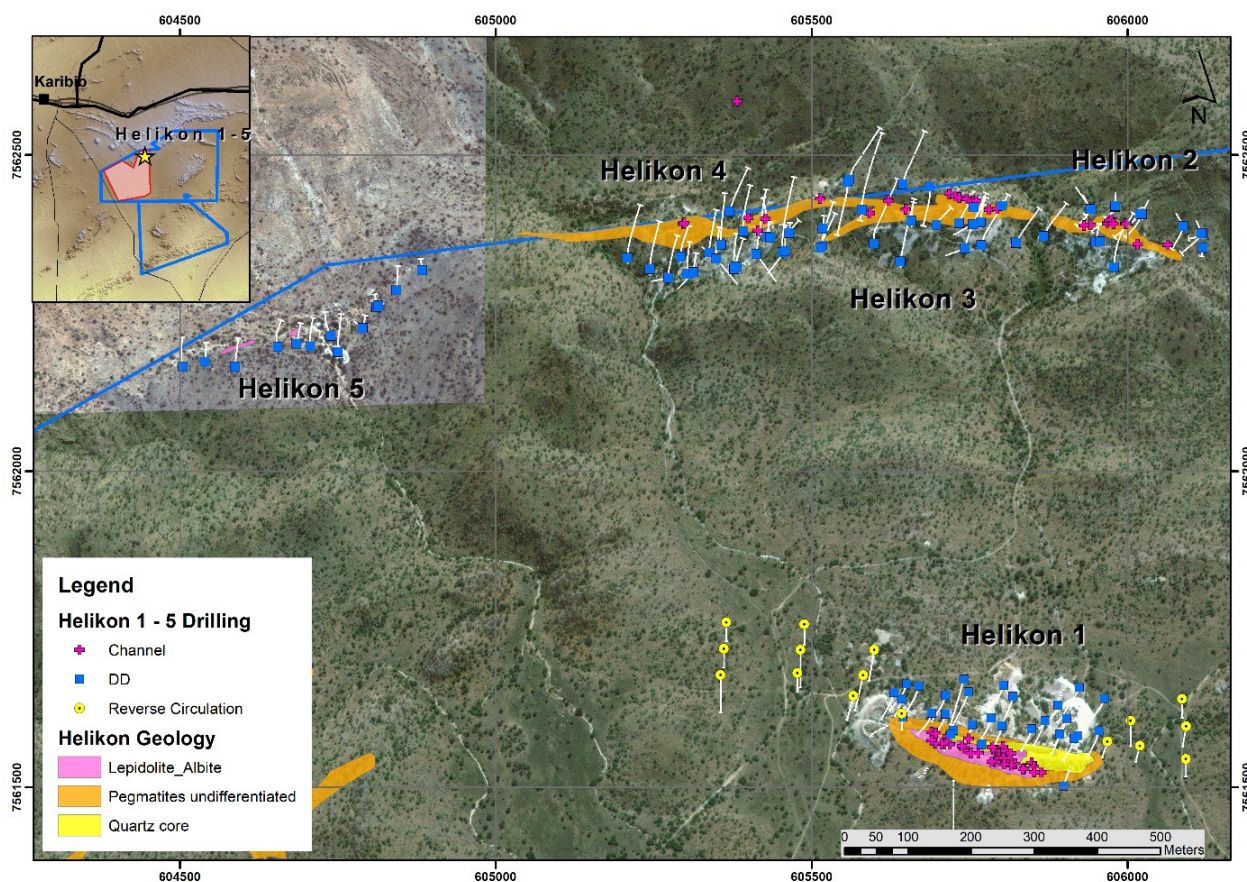
HELIKON 1

DD and RC holes were drilled on a staggered 40m x 20m grid where 50 holes were drilled for a total of 3,760m including 36 channel samples. Drilling has delineated the Main Helikon 1 pegmatite for a strike length of approximately 450m and to a modelled downdip extent of 70m from surface (Figure 2).

HELIKON 2 – 5

Helikon 2, 3, 4 and 5 represent a series of semi continuous, sub parallel pegmatites that exhibit steep, but variable dips. Diamond drilling was completed on broad 40m centers along strike with step out holes being located where possible. A total of 71 DD holes were drilled totaling 7,700m, and included 28 channel samples taken Helikon 2, 3 and 4.

Figure 2. Helikon 1 - 5 MRE Drilling



ESTIMATION METHODOLOGY

Rubicon

A geological model of the Rubicon Main pegmatite was constructed by MSA in Leapfrog Geo. Internal pegmatite domains were interpreted based on geological logging which was further refined from assay data. The pegmatite and internal domains were imported into Datamine Studio 3 for block model construction and estimation. Grades were estimated into the pegmatite and internal domains by means of ordinary kriging (depending on the availability of data and semi-variogram stability) or inverse distance weighting.

Specific gravity (SG) determinations have been carried out on Rubicon diamond drill core. The majority of these were completed on fresh pegmatite material by utilizing the Archimedes principal of weighing samples in air and then again following submersion in water. An average SG was estimated for each of the modelled domains and assigned in the block model for tonnage calculations.

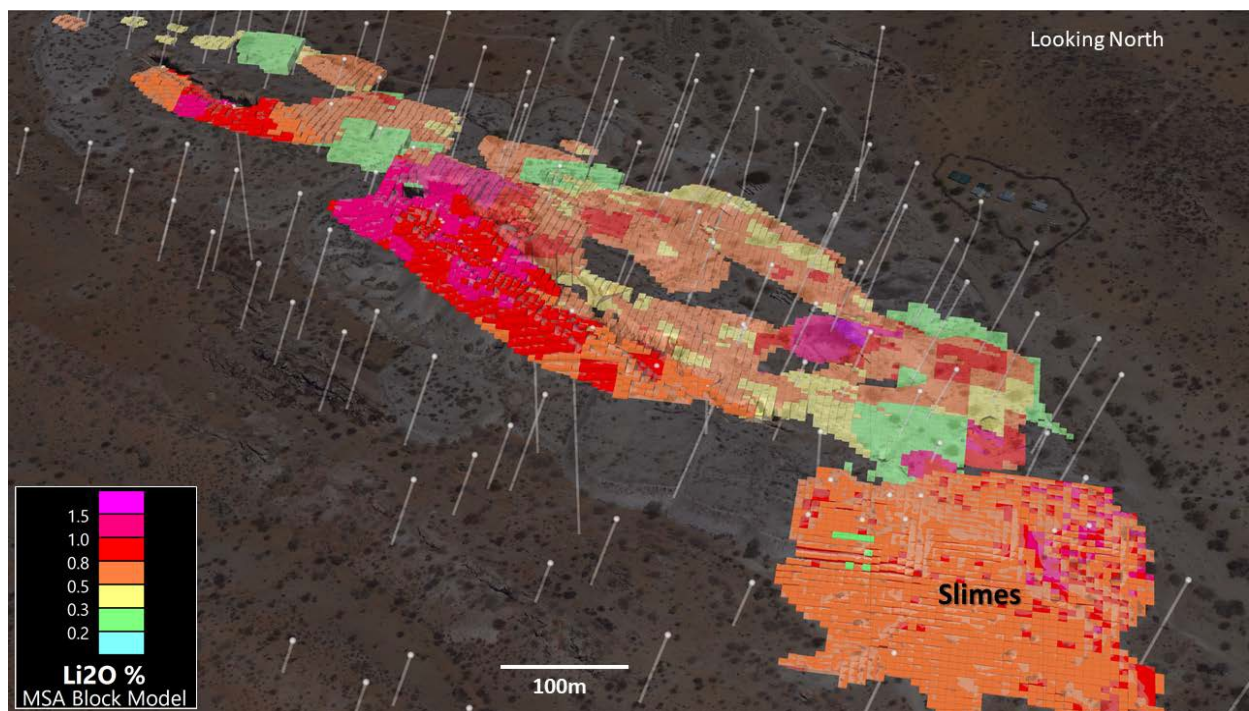
The Mineral Resource is classified as Indicated where geological continuity is assumed between drill holes, and where blocks have been estimated within the first search volume (derived from

the $\text{Li}_2\text{O}\%$ semi-variogram range), are within a drill hole spacing of 50 m by 50 m and are not extrapolated more than 25 m beyond assay data. Inferred Mineral Resources are defined as those blocks in which geological continuity is implied but cannot be verified, due to drill hole spacing beyond the 50 m grid and beyond the semi-variogram range. Blocks extrapolated beyond 25 m from data are classified as Inferred Mineral Resources.

A volume model of the Rubicon Slimes was constructed by MSA in Leapfrog Geo. The volume model was imported into Datamine for block model construction and estimation. Grades were estimated into the volume by means of inverse distance weighting. A constant SG value of 1.53 was applied for the estimation of tonnages.

Areas where the slimes were drilled at a spacing of closer than 20 m by 20 m were classified as Indicated Mineral Resources, the remaining area of the model within the drilling grid was classified as Inferred Mineral Resources. Inferred Mineral Resources were extrapolated for a maximum distance of 50 m from the nearest hole intersection.

Figure 3. 3D View of Rubicon Main (0.2% Li_2O cutoff) and Slimes Block Model



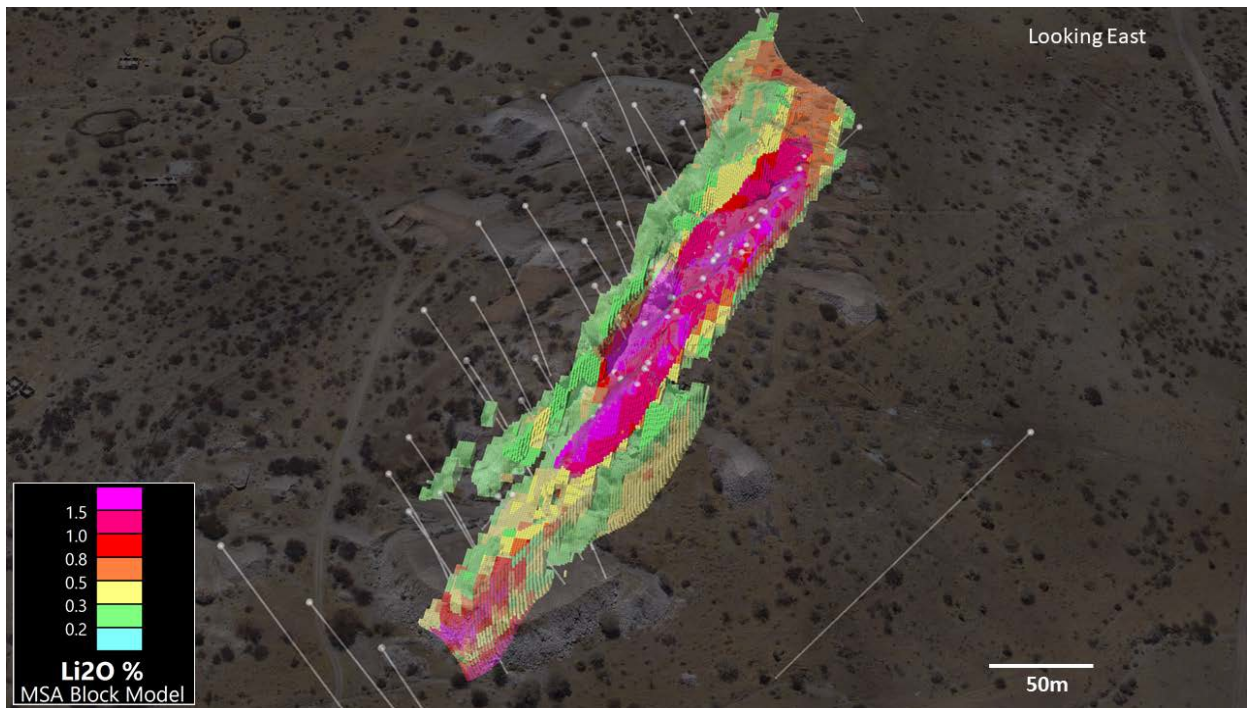
Helikon 1

A geological model of the Helikon 1 pegmatite was constructed by MSA in Leapfrog Geo. Internal pegmatite domains were interpreted based on geological logging which was further refined from assay data. The pegmatite and internal domains were imported into Datamine Studio RM for block model construction and estimation. Grades were estimated into the pegmatite and internal domains by means of inverse distance weighting as the data did not support the calculation and modelling of stable semi-variograms for use in estimation.

Specific gravity (SG) determinations were carried out on drill core utilizing the Archimedes principal. An average SG was estimated for each of the modelled domains and assigned in the block model for tonnage calculations.

The Mineral Resource is classified as Inferred as there are insufficient data to model spatial continuity. The spacing of data is sufficient to imply, but not verify, geological continuity and some mineralized zones are informed by only a single drill hole.

Figure 4. 3D View of Helikon 1 (0.2% Li₂O cutoff)



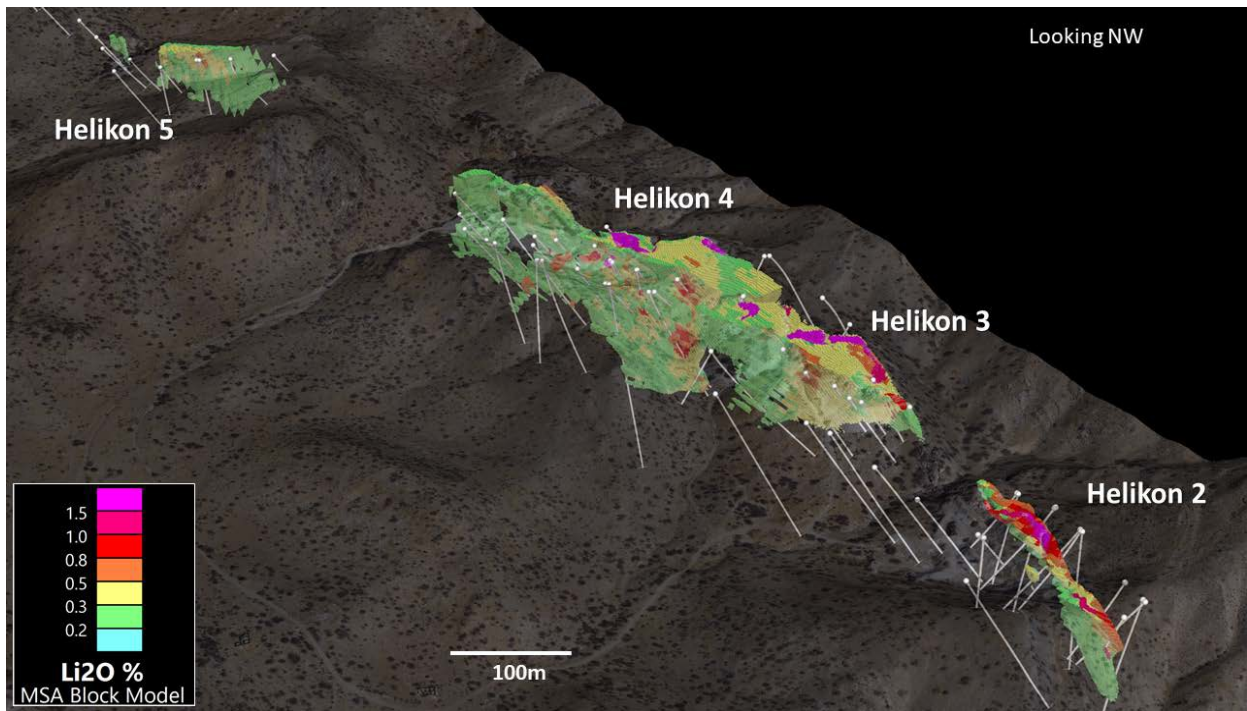
Helikon 2 – 5

Geological models of the Helikon 2-5 pegmatites were constructed by MSA in Leapfrog Geo. Internal pegmatite domains were interpreted based on logging which was further refined from assay data. The pegmatite and internal domains were imported into Datamine Studio RM for block model construction and estimation. Grades were estimated into the pegmatite and internal domains by means of inverse distance weighting as the data did not support the calculation and modelling of stable semi-variograms for use in estimation.

Specific gravity (SG) determinations were carried out on drill core utilizing the Archimedes principal. Average SG values were estimated for each of the modelled domains and assigned in the block models for tonnage calculations.

The Mineral Resources are all classified as Inferred as there are insufficient data to model spatial continuity. The spacing of data is sufficient to imply, but not verify, geological continuity and some mineralized zones are informed by only a single drill hole.

Figure 5. 3D View of Helikon 2 - 5 (0.2% Li₂O cutoff)



MSA recommends that the next phase of exploration includes infill drilling at both Rubicon and Helikon 1-5 in order to increase geological confidence with an aim of reporting Measured Mineral Resources and possibly upgrading portions of the Inferred Mineral Resources, as well as extending the Rubicon Mineral Resource at depth. The potential to discover and delineate additional LCT type pegmatites within the company's Mining License and surrounding licenses is considered high following progress made to date by the Company's exploration team (please refer to DLI Press Release 15 August 2018 "Desert Lion identifies prospective LCT pegmatite corridor and provides update on exploration activities".)

MINERALOGY

In order to better quantify the proportions of lepidolite and other lithium bearing minerals, the Company took a total of 481 samples from all deposits and completed assay validated X Ray Diffraction ("XRD"); comprising 121 samples from Rubicon and 360 samples from the Helikon 1-5 core samples. The lithium minerals identified by the XRD are lepidolite, petalite, cookeite, with traces of amblygonite at Helikon and traces of spodumene at Rubicon. The cookeite is only present in samples containing petalite and its content is directly proportional to the petalite content and is interpreted as an alteration product of the petalite.

Rubicon

Figure 6 plots the lithium mineral proportions normalized to 100% and shows the relative increase in the proportion of lepidolite relative to other lithium minerals with increasing Li_2O content. The high petalite contents from in the last two high grade samples were from pure petalite zones which tend to form small discontinuous patches within the pegmatite.

Figure 6. Plot of lithium mineral proportions relative to Li_2O content for Rubicon.

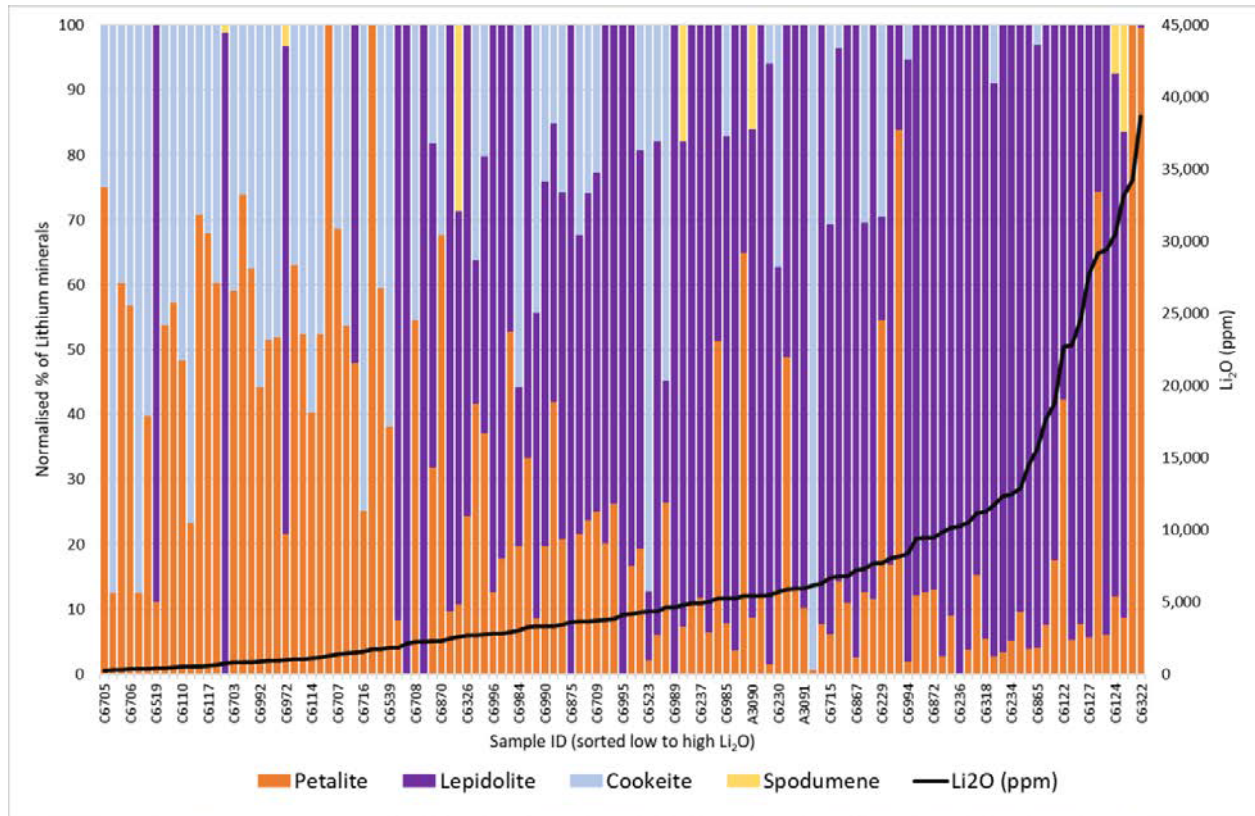
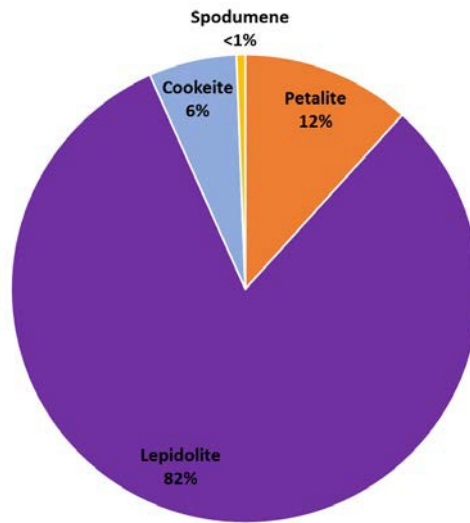


Figure 7 below shows the relative proportions of the lithium minerals for samples containing greater than 0.2% Li_2O with lepidolite (82%) being the dominant lithium mineral, followed by petalite (12%), cookeite (6%) and traces of spodumene.

Figure 7. Plot of the Li₂O contribution of the various lithium minerals present for samples with >0.2% Li₂O



Helikon 1-5

Figure 8 plots of the lithium mineral proportions normalized to 100% and shows the relative increase in the proportion of lepidolite relative to other lithium minerals with increasing Li₂O content; amblygonite present in some samples at higher Li₂O contents.

Figure 8. Plot of lithium mineral proportions relative to Li₂O content.

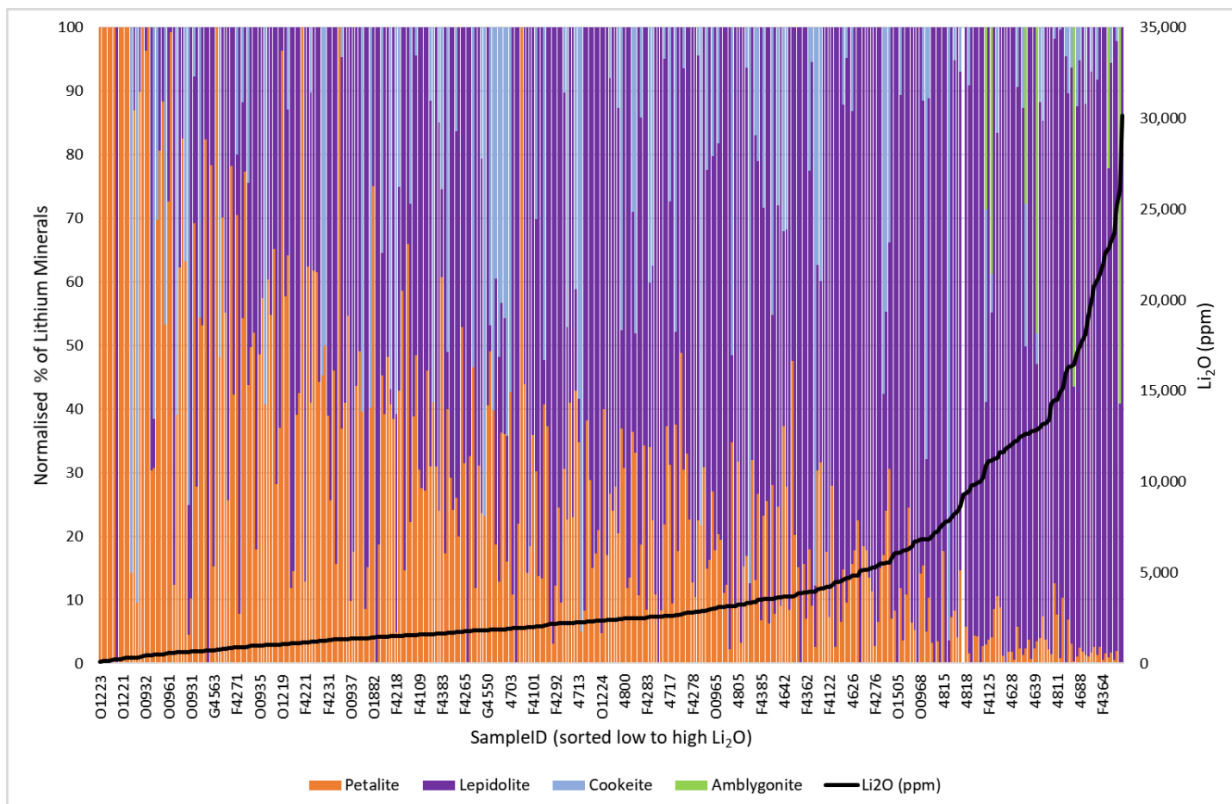
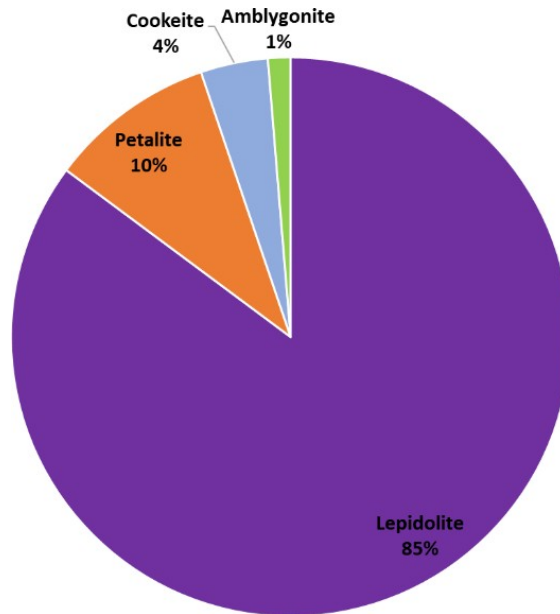


Figure 9 below shows the relative proportions of the lithium minerals in the samples containing greater than 0.2% Li₂O with lepidolite (85%) being the dominant lithium mineral, followed by petalite (10%), cookeite (4%) and traces of amblygonite.

Figure 9. Plot of the Li₂O contributions of the various lithium minerals present for samples with >0.2% Li₂O



QUALITY CONTROL

Desert Lion has used four internationally accredited analytical laboratories for the preparation and analyses for the samples used in the Mineral Resource estimation: ALSChemex (Canada), SetPoint Laboratories (Johannesburg), Scientific Services (Cape Town) and ACT Laboratories (Canada), each of which is independent of Desert Lion. Over and above the laboratory quality assurance quality control (“QA/QC”) routinely implemented by all labs using pulp duplicate analysis, Desert Lion has developed an internal QA/QC protocol which utilizes Certified Reference Materials (“CRMs”), blanks and coarse crush duplicates on a systematic basis with the samples shipped to the analytical laboratories, as follows: 1 standard, 1 duplicate and 1 blank are inserted every 30 samples (giving an average of c.10%). ALSChemex was used as a check lab for SetPoint analyses, and the results show an acceptable correlation to support the accuracy of the SetPoint results.

In the QP’s opinion the results of the QAQC program are acceptable and the data therefore suitable for Mineral Resource estimation and reporting according to National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101).

QUALIFIED PERSONS

The MRE inputs were prepared by The MSA Group, a company independent from Desert Lion. Anton Geldenhuys, Pr.Sci.Nat and Michael Cronwright, Pr.Sci.Nat, both from MSA are independent Qualified Persons as defined by National Instrument 43-101. Mr. Geldenhuys and Mr. Cronwright have reviewed and approved the technical information pertaining to the Mineral Resource estimate and the geology in this news release.

The effective date of the MRE is 1 October 2018 and the supporting technical report prepared in accordance with the *National Instrument 43-101 Standards of Disclosure for Mineral Projects*, which supports the MRE, will be filed on SEDAR within 45 days from this date.

About Desert Lion Energy

Desert Lion Energy is an emerging lithium development company focused on building Namibia's first large-scale lithium mine to be located approximately 210 km from the nation's capital of Windhoek and 220 km from the Port of Walvis Bay. The Company's Rubicon and Helikon mines are located within a 301 km² prospective land package, with known lithium bearing pegmatitic mineralization. The project site is accessible year-round by road and has access to power, water, rail, port, airport and communication infrastructure.

Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws. Generally, any statements that are not historical facts may contain forward-looking information, and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget" "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or indicates that certain actions, events or results "may", "could", "would", "might" or "will be" taken, "occur" or "be achieved." Forward-looking information includes but is not limited to statements and expectations regarding: the targeted additional deposits within the Company's mining and exploration licences; the potential for the results to support an economical project; the timing for completion of the Preliminary Economic Assessment; and the Company's planned work program for the Project and its exploration and development schedule and timetable. ; Forward-looking information is based on certain factors and assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued exploration activities, lithium and other metal prices, the estimation of initial and sustaining capital requirements, the estimation of labour and production costs, the estimation of mineral resources, assumptions with respect to currency fluctuations, the timing and amount of future exploration and development expenditures, receipt of required regulatory approvals, the availability of necessary financing for the Project, permitting and such other assumptions and factors as set out herein.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks related to changes in lithium prices; sources and cost of power and water for the Project; the estimation of initial capital requirements; the lack of historical operations; the estimation of labour and operating costs; general global markets and economic conditions; risks associated with exploration, development and operations of mineral deposits; the estimation of initial targeted mineral resource tonnage and grade for the Project; risks associated with uninsurable risks arising

during the course of exploration, development and production; risks associated with currency fluctuations; environmental risks; competition faced in securing experienced personnel; access to adequate infrastructure to support exploration activities; risks associated with changes in the mining regulatory regime governing the Company and the Project; completion of the environmental assessment process; risks related to regulatory and permitting delays; risks related to potential conflicts of interest; the reliance on key personnel; financing, capitalization and liquidity risks including the risk that the financing necessary to fund continued exploration and development activities at the Project may not be available on satisfactory terms, or at all; the risk of potential dilution through the issuance of additional common shares of the Company; the risk of litigation.

Although the Company has attempted to identify important factors that cause results not to be as anticipated, estimated or intended, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this presentation and the Company does not undertake to update or revise any forward-looking information this is included herein, except in accordance with applicable securities laws.

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of Mineral Resources will be converted to Mineral Reserves.

Inferred Mineral Resources are based on limited drilling which suggests the greatest uncertainty for a resource estimate and that geological continuity is only implied. Additional drilling will be required to verify geological and mineralization continuity and there is no certainty that all of the Inferred Resources will be converted to Measured and Indicated Resources.

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