

12 July 2019

Lepidico and Desert Lion Energy complete Plan of Arrangement

- **Business combination between Lepidico and Desert Lion Energy completes**
- **Lepidico now holds an 80% interest in the highly prospective Karibib Lithium Project which covers approximately 1,000km²**
- **Two drill rigs have already arrived at the Karibib Lithium Project and drilling will start imminently**
- **Feasibility Study work to integrate the Karibib Lithium Project with the Phase 1 Plant Project Study commenced earlier this week**

Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”) is pleased to announce the completion of the previously announced plan of arrangement (the “Arrangement”), with Desert Lion Energy Inc. (“Desert Lion”) whereby Lepidico has acquired all of the outstanding common shares of Desert Lion for consideration of 5.4 Lepidico ordinary shares for every 1 Desert Lion common share (the “Exchange Ratio”). The Arrangement, which was announced on May 7, 2019, was approved by the Desert Lion’s shareholders at an annual general and special meeting held on June 27, 2019.

Under the terms of the Arrangement, the Company has issued:

- a) 571,157,062 new fully paid ordinary shares (“LPD Shares”) to existing Desert Lion shareholders;
- b) 39,183,982 new options at exercise prices ranging from \$0.02 - \$0.35; and
- c) 139,797,500 warrants at exercise prices ranging from \$0.04 to \$0.044.

The outstanding convertible notes of Desert Lion have been adjusted to allow for the acquisition of LPD Shares upon their exercise (reflecting the Exchange Ratio). The Company may therefore issue up to 108,000,000 new LPD Shares upon conversion of the outstanding convertible notes at the election of the holder, on or before 7 December 2020. The issue of these LPD Shares will be made pursuant to the Company’s existing 15% placement capacity under Listing Rule 7.1.

The Company has also issued 76,020,767 new fully paid ordinary shares to certain creditors of Desert Lion in settlement of debt arrangements, which Desert Lion had intended to settle in common shares at the time of the announcement of the Arrangement but which had not been allotted at transaction close.

Lepidico's ordinary shares are listed for trading on the ASX. Desert Lion has applied to de-list its common shares from the TSX Venture Exchange.

Lepidico Managing Director Joe Walsh said, "Closing of this transaction is transformative for Lepidico as it provides the Company with a direct controlling interest in its first quality lepidolite deposits under an awarded mining license, providing a clear path to development. Fifteen new employees in Namibia have been welcomed to Lepidico and two drill rigs have already arrived at the Karibib Lithium Project to start work over the coming days. Furthermore, the transaction supports Lepidico's 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."

An Appendix 3B and Cleansing Notice for the issues referred to above follow this announcement.

Desert Lion shareholders who have questions or require assistance with submitting their common shares to the Arrangement may direct their questions to Computershare Trust Company of Canada, who is acting as depositary under the Arrangement, toll free at 1-800-564-6253 or within Canada at 1-514-982-7888 or by email at corporateactions@computershare.com. Further information regarding the Arrangement is available in the management information circular of the Company dated May 29, 2019, which is available under Desert Lion's profile on SEDAR at www.sedar.com.

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-product sodium sulphate. The Company is currently conducting a Feasibility Study for a 5,000 tonne per annum Phase 1 lithium chemical plant, targeting commercial production for 2021. 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 Karibib Lithium Project in Namibia where a Mineral Resource of 8.8 Mt grading 0.56% Li₂O and 59ppm Ta₂O₅ is estimated (ASX announcement of 7 May 2019) and/or the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Grupo Mota (ASX announcement of 7 December 2017).