

LEPIDICO LTD
ACN 008 894 442

ENTITLEMENT ISSUE PROSPECTUS

For a pro-rata renounceable entitlement issue of one (1) Share for every ten (10) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.018 per Share together with one (1) free New Option for every two (2) Shares applied for and issued to raise up to \$11,712,945 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

This Offer is partially underwritten by Mahe Capital Pty Ltd (AFSL 517246) (**Underwriter**). Refer to Section 6.4.1 for details regarding the terms of the underwriting. Mahe Capital Pty Ltd are also acting as Lead Manager to the Offer.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.



IMPORTANT NOTICE

This Prospectus is dated 10 October 2022 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your

financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or

to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

For further information on overseas Shareholders please refer to Section 2.9.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (www.lepidico.com). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Electronic Prospectus

A copy of this Prospectus can be downloaded from <https://investor.automic.com.au/#/home>. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61(08) 9363 7800 during office hours or by emailing the Company at info@lepidico.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of

potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 7.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print

service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61(08) 9363 7800.

CORPORATE DIRECTORY

Directors

Gary Johnson
Non-Executive Chairman

Julian "Joe" Walsh
Managing Director

Mark Rodda
Non-Executive Director

Cynthia Thomas
Non-Executive Director

Joint Company Secretaries

Shontel Norgate

Alex Neuling

Registered Office

23 Belmont Avenue
Belmont WA 6104

Telephone: + 61 8 9363 7800

Facsimile: +61 8 9363 7801

Email: info@lepidico.com

Website: www.lepidico.com

Share Registry*

Automic Registry Services
Level 5
126 Phillip Street
Sydney NSW 2000

GPO Box 5193
Sydney NSW 2001

Telephone: 1300 288 664
(within Australia)

+61 (0) 2 9698 5414
(international)

Email: hello@automicgroup.com.au

Legal advisers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Lead Manager and Underwriter

Mahe Capital Pty Ltd
Level 8
99 St Georges Terrace
Perth WA 6000

Auditor*

Moore Australia Audit (WA)
Level 15, Exchange Tower
2 The Esplanade
Perth WA 6000

Telephone: (08) 9225 5355

Facsimile: (08) 9225 6181

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. KEY OFFER INFORMATION

1.1 Timetable

| | |
|---|-----------------|
| Lodgement of Prospectus with the ASIC | 10 October 2022 |
| Lodgement of Prospectus and Appendix 3B with ASX | 10 October 2022 |
| Ex date | 12 October 2022 |
| Rights start trading | 12 October 2022 |
| Record Date for determining Entitlements | 13 October 2022 |
| Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed | 14 October 2022 |
| Rights stop trading | 21 October 2022 |
| Securities quoted on a deferred settlement basis | 24 October 2022 |
| Last day to extend the Closing Date | 25 October 2022 |
| Closing Date as at 5:00pm* | 28 October 2022 |
| ASX and Underwriter notified of under subscriptions | 31 October 2022 |
| Underwriter subscribes for Shortfall under terms of Underwriting Agreement | 3 November 2022 |
| Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Securities | 4 November 2022 |
| Quotation of Securities issued under the Offer* | 7 November 2022 |

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Securities are expected to commence trading on ASX may vary.

1.2 Key statistics of the Offer

Shares

| | Minimum Subscription (\$4,000,000) ¹ | Maximum Subscription (\$11,712,945) ² |
|--|--|---|
| Offer Price per Share | \$0.018 | \$0.018 |
| Entitlement Ratio (based on existing Shares) | 1 for 10 | 1 for 10 |
| Shares currently on issue | 6,507,191,233 | 6,507,191,233 |
| Shares to be issued under the Offer | 222,222,222 | 650,719,123 |
| Gross proceeds of the issue of Shares | \$4,000,000 | \$11,712,945 |
| Shares on issue Post-Offer | 6,729,413,455 | 7,157,910,356 |

Notes:

1. Assuming the Minimum Subscription of \$4,000,000 is achieved under the Offer.
2. Assuming the Maximum Subscription of \$11,712,945 is achieved under the Offer.
3. Refer to Section 4.1 for the terms of the Shares.

Options

| | Minimum Subscription (\$4,000,000) ¹ | Maximum Subscription (\$11,712,945) ² |
|---|--|---|
| Offer Price per New Option | nil | nil |
| Option Entitlement Ratio (based on Shares subscribed for) | 1 for 2 | 1 for 2 |
| Options currently on issue | 785,654,823 | 785,654,823 |
| New Options to be issued under the Offer | 111,111,111 | 325,359,562 |
| Gross proceeds of the issue of Options | \$Nil | \$Nil |
| Options on issue Post-Offer | 896,765,934 | 1,111,014,385 |

Notes:

1. Assuming the Minimum Subscription of \$4,000,000 is achieved under the Offer.
2. Assuming the Maximum Subscription of \$11,712,945 is achieved under the Offer.
3. Refer to Section 0 for the terms of the New Options.

1.3 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

The predominant risks relating to the Company and the Offer are summarised below:

| Risk | Description | Further Information |
|--|---|---------------------|
| Additional requirements for capital | The Company's capital requirements depend on numerous factors. The development of the Phase 1 Project is dependent on the Company's ability to secure further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. | Section 5.2 |
| L-Max[®] Technology Risk | The L-Max [®] Technology is a new process that has only been tested at a demonstration pilot scale. The technology has not been scaled up and tested and may not be technically feasible, may not perform the | Section 5.2 |

| | | |
|---------------------------------|--|-------------|
| | <p>process as it was designed, may prove uneconomic, unreliable and may not be developed on a timely basis.</p> <p>Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.</p> | |
| LOH-Max® Technology Risk | <p>The LOH-Max® Technology is a new process that has only been tested at pilot scale. The technology has not been scaled up and may not be technically feasible, may not perform the process as it was designed, may prove uneconomic, unreliable and may not be developed on a timely basis.</p> <p>Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.</p> <p>The LOH-Max® Technology is a proprietary process that the Company acquired on 25 November 2020 and is the subject of a number of patent applications across several countries. Although the Company is not aware of any third party interests in relation to the LOH-Max® Technology, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.</p> | Section 5.2 |
| Research and development | <p>The Company can make no representation that any of its research into or development of the Company's lithium technologies will be successful, that the development milestones will be achieved, or that the Technologies will be developed into products that are commercially exploitable.</p> | Section 5.2 |

1.4 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

| Director | Shares | Options | Share Entitlement | New Option Entitlement | \$ |
|--------------|--------------------------|-------------------------|-------------------|------------------------|---------|
| Gary Johnson | 335,358,326 ¹ | 23,927,955 ² | 33,535,832 | 16,767,916 | 603,645 |

| Director | Shares | Options | Share Entitlement | New Option Entitlement | \$ |
|--------------------|-------------------------|-------------------------|-------------------|------------------------|--------|
| Julian (Joe) Walsh | 35,468,572 ³ | 45,944,286 ⁴ | 3,546,857 | 1,773,429 | 63,843 |
| Mark Rodda | Nil | 22,500,000 ⁵ | Nil | Nil | Nil |
| Cynthia Thomas | Nil | 22,500,000 ⁶ | Nil | Nil | Nil |

Notes:

- Mr Johnson's interest in 334,358,326 Shares is by virtue of the shareholding of Strategic Metallurgy Holding Pty Ltd (**Strategic Metallurgy**), a body corporate controlled by Mr Johnson. Strategic Metallurgy also has an interest in Shares by virtue of voting agreements between Strategic Metallurgy and Anne Ross Rankin (50,000,134 Shares) and The Johnson-Rankin Superannuation Fund Pty Ltd as trustee for the Johnson Superannuation Fund (23,086,991 Shares). 1,000,000 Shares are held directly by Mr Johnson.
- By virtue of being a controller of Strategic Metallurgy and beneficiary of Johnson Superannuation Fund, Mr Johnson also has an interest in 1,427,955 quoted Options, exercisable at 2.6 cents on or before 18 June 2023. Mr Johnson also holds 7,500,000 unlisted Options exercisable at 2.5 cents on or before 21 November 2022, 7,500,000 unlisted Options exercisable at 1.2 cents on or before 19 November 2023 and 7,500,000 unquoted Options exercisable at 7.2c on or before 18 November 2024, which will provide an additional Entitlement should they be exercised prior to the Record Date.
- Mr Walsh holds indirectly through a controlled body corporate, Invia Custodian Pty Limited <Fogg Walsh Family A/C> of which he is a beneficiary, 17,468,752 Shares. 18,000,000 Shares are held directly by Mr Walsh.
- Mr Walsh also holds indirectly through a controlled body corporate Invia Custodian Pty Limited <Fogg Walsh Family A/C> of which he is a beneficiary, 944,286 quoted Options exercisable at 2.6 cents on or before 18 June 2023. Mr Walsh also holds 15,000,000 unlisted Options exercisable at 2.5 cents on or before 22 November 2022, 15,000,000 unlisted Options exercisable at 1.2 cents on or before 19 November 2023 and 15,000,000 unlisted Options exercisable at 7.2 cents on or before 18 November 2024, which will provide an additional Entitlement should they be exercised prior to the Record Date.
- Mr Rodda holds indirectly through a controlled body corporate Sodelu Pty Ltd, 7,500,000 unlisted Options exercisable at 2.5 cents on or before 22 November 2022 and 7,500,000 unlisted Options exercisable at 1.2 cents on or before 19 November 2023 and 7,500,000 unlisted Options exercisable at 7.2 cents on or before 18 November 2024, which will provide an additional Entitlement should they be exercised prior to the Record Date.
- Mrs Thomas holds indirectly as trustee of the C.P Thomas Trust 2014, 7,500,000 unlisted Options exercisable as 2.5 cents on or before 22 November 2022 and 7,500,000 unlisted Options exercisable at 1.2 cents on or before 19 November 2023 and 7,500,000 unlisted Options exercisable at 7.2 cents on or before 18 November 2024, which will provide an Entitlement should they be exercised prior to the Record Date.
- The Company intends to issue 37,500,000 Options amongst the Directors. The issue of the Options is subject to the Company obtaining Shareholder approval under section 195(4) and section 208 of the Corporations Act and Listing Rule 10.11 at the Company's upcoming annual general meeting.

The Board recommends all Shareholders take up their Entitlements. The Board advises that Messrs Johnson and Walsh intend to participate in the Offer to the fullest extent possible, subject to funding. In addition, Strategic Metallurgy Holdings Pty Ltd will participate in the Offer to the extent possible based on its current financial situation.

1.5 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|---|-------------|-------|
| Strategic Metallurgy Holdings Pty Ltd, Strategic Metallurgy Pty Ltd and Gary Johnson ¹ | 335,358,326 | 5.15% |

Notes:

1. The figures above refer to the interests of Strategic Metallurgy Pty Ltd and Gary Johnson as at the date of this Prospectus. Strategic Metallurgy and Gary Johnson last provided the Company with a Notice of Change of Interest of Substantial Shareholder on 23 June 2021, which confirmed that Strategic Metallurgy Pty Ltd and Gary Johnson held 370,618,485 Shares and voting power of 6.02%.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

1.6 Lead Manager

Mahe Capital Pty Ltd has been appointed as the lead manager of the Offer. Terms of the lead manager mandate and total fees payable are set out in Section 6.4.2 below.

1.7 Underwriting and sub-underwriting

The Offer is also partially underwritten by Mahe Capital Pty Ltd. Refer to Section 6.4.1 for details of the terms of the underwriting and total fees payable.

No sub-underwriter will increase their shareholding to above 19.9% as a direct result of the issue of Securities under the Offer. Where Shares are issued pursuant to the exercise of New Options, the voting power of the sub-underwriters who exercise their New Options will increase. The likelihood of New Options being exercised is dependent on the price of Shares from time to time until the New Options expire.

1.8 Effect on Control

The Underwriter is presently not a Shareholder and is not a related party of the Company for the purposes of the Corporations Act. The issue of Shares under this Prospectus to the Underwriter may increase its interest in the Company and dilute the Shareholding of other Shareholders to the extent they elect not to participate in the Offer or are ineligible to participate in the Offer.

In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients and people who have otherwise agreed to assist with the completion of the Offer such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 19.9% after the issue of the Shortfall.

The Company, in consultation with the Underwriter, will ensure that the Offer (including the equitable dispersion of any Shortfall Securities) complies with the provisions of Chapter 6 of the *Corporations Act 2001* (Cth) and is otherwise

consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

1.9 Potential dilution on non-participating Shareholders

In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 9.09% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 13.04% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

| Holder | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|--------------|
| Shareholder 1 | 100,000,000 | 1.54% | 10,000,000 | 100,000,000 | 1.40% |
| Shareholder 2 | 50,000,000 | 0.77% | 5,000,000 | 50,000,000 | 0.70% |
| Shareholder 3 | 25,000,000 | 0.38% | 2,500,000 | 25,000,000 | 0.35% |
| Shareholder 4 | 10,000,000 | 0.15% | 1,000,000 | 10,000,000 | 0.14% |
| Shareholder 5 | 1,000,000 | 0.02% | 100,000 | 1,000,000 | 0.01% |

Notes:

1. This is based on a share capital of 6,507,171,233 Shares as at the date of the Prospectus and assumes no Options currently on issue or other Shares are issued including New Options are exercised.
3. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Underwriting and Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

2. DETAILS OF THE OFFER

2.1 The Offer

The Offer is being made as a pro-rata renounceable entitlement issue of one (1) Shares for every ten (10) Shares held by Shareholders registered at the Record Date at an issue price of \$0.018 per Share together with one (1) free New Option for every two (2) Shares subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no Shares are issued prior to the Record Date including on exercise or conversion of securities on issue) approximately 650,719,123 Shares and 325,359,562 New Options may be issued under the Offer to raise up to \$11,712,945. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 785,654,823 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 0 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares. The New Options will be exercisable at \$0.03 on or before the second anniversary date of the date of issue and otherwise on the terms set out in Section 0.

The purpose of the Offer and the intended use of funds raised are set out in Section 3.

2.2 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus and can be accessed at <https://investor.automic.com.au/#/home>. Eligible Shareholders may choose any of the options set out in the table below.

| Option | Key Considerations | For more information |
|--|--|------------------------------|
| Take up all of your Entitlement | <ul style="list-style-type: none">Should you wish to accept all of your Entitlement, then your application for Securities under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus and can be accessed at https://investor.automic.com.au/#/home. Please read the instructions carefully.Payment can be made by the methods set out in Section 2.3. As set out in Section 2.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. | Section 2.3 and Section 2.4. |
| Take up all of your Entitlement | <ul style="list-style-type: none">Should you wish to accept all of your Entitlement and apply for Shortfall Securities, then your application for your Entitlement and additional Shortfall Securities | Sections 2.3, 2.4 and 2.6. |

| Option | Key Considerations | For more information |
|--|---|-----------------------------|
| <p>and also apply for Shortfall Securities</p> | <p>under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus and can be accessed at https://investor.automic.com.au/#/home. Please read the instructions carefully.</p> <ul style="list-style-type: none"> • Payment can be made by the methods set out in Section 2.3. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying. • If you apply for Shortfall Securities beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Securities is at the Company's absolute discretion as per the allocation policy set out in Section 2.6. Accordingly, your application for additional Shortfall Securities may be scaled-back. • The Company's decision on the number of Shortfall Securities to be allocated to you will be final. | |
| <p>Sell all of your Entitlement on ASX</p> | <ul style="list-style-type: none"> • The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Securities under the Offer may be traded on ASX. • If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 12 October 2022 and will cease on 21 October 2022. • There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX. | N/A |
| <p>Take up a proportion of your Entitlement and sell the balance on ASX</p> | <ul style="list-style-type: none"> • If you wish to take up only part of your Entitlement, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus and can be accessed at https://investor.automic.com.au/#/home for the number of Securities you wish to take up and making payment using the methods set out in Section 2.3 below. As set out in Section 2.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. • Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX. | Section 2.3 and Section 2.4 |

| Option | Key Considerations | For more information |
|---|--|------------------------------------|
| <p>Take up a proportion of your Entitlement and allow the balance to lapse</p> | <ul style="list-style-type: none"> If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus and can be accessed at https://investor.automic.com.au/#/home for the number of Securities you wish to take up and making payment using the methods set out in Section 2.3 below. As set out in Section 2.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. | <p>Section 2.3 and Section 2.4</p> |
| <p>Sell all or a proportion of your Entitlement other than on ASX</p> | <ul style="list-style-type: none"> You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased. If you are a Shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's payment receipt for the Shares they wish to subscribe for to the Share Registry by (by email to corporate.actions@automicgroup.com.au at any time after the issue of this Prospectus and on or before the Closing Date) in accordance with the details set out in the Entitlement and Acceptance Form. If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHES subregister you must engage your CHES controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry. | <p>N/A</p> |
| <p>Allow all or part of your Entitlement to lapse</p> | <ul style="list-style-type: none"> Shareholders should be aware that their Entitlement may have value. Entitlement are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX or otherwise. If you do not wish to accept or trade any part of | <p>N/A</p> |

| Option | Key Considerations | For more information |
|--------|---|----------------------|
| | your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse. | |

2.3 Payment options

(a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 4:00pm (WST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(b) By Electronic Funds Transfer (overseas applicants)

For payment by Electronic Funds Transfer (EFT) for overseas Eligible Shareholders, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the

holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

(c) **By Cheque**

Payment by cheque or cash will not be accepted.

2.4 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

2.5 Minimum subscription

On the basis that the Offer is partially underwritten by the Underwriter to \$4,000,000, the minimum subscription under the Offer is \$4,000,000. No Securities will be issued until the minimum subscription has been received.

If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

2.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. (**Shortfall Securities**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.018 being the price at which Shares have been offered under the Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders (excluding related parties of the Company) who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 2.3

Allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement, details of which are set out in Section 6.4.1. If the Offer is oversubscribed (by take up of Entitlements and applications for Shortfall Securities by Eligible Shareholders), scale back will be applied to applications under the Shortfall Offer on a pro-rata basis to the respective shareholdings of Eligible Shareholders. There is no guarantee that Eligible Shareholders will receive Securities applied for under the Shortfall Offer.

The Underwriter notes that no Securities will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Securities would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Securities will be issued via the Shortfall Offer to any related parties of the Company.

2.7 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

Application for Official Quotation of the New Options offered pursuant to this Prospectus will also be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the New Options offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Options.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

2.8 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for,

or where no issue is made surplus Application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

2.9 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

2.10 Appointment of Nominee

Pursuant to ASX Listing Rule 7.7 of the Corporations Act, the Company has appointed a nominee, Mahe Capital Pty Ltd, to sell the Entitlements to which

Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

The proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee must sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the nominee will not be required to sell Ineligible Shareholders' Entitlements at a particular price.

Shareholders resident in Australia or New Zealand holding Securities on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$11,712,945 before costs.

The funds raised from the Offer are intended to be applied in accordance with the table set out below:

| Item | Proceeds of the Offer | Minimum Subscription (\$) | % | Full Subscription (\$) | % |
|--------------------------------------|--|---------------------------|-------------|------------------------|-------------|
| Phase 1 Project – Development | | | | | |
| 1. | Completion of FEED | 1,000,000 | 25% | 1,000,000 | 9% |
| 2. | Completion of lender due diligence | 800,000 | 20% | 800,000 | 7% |
| 3. | Chemical plant and concentrator Stage 2 EPCM works | - | - | 5,000,000 | 43% |
| Phase 1 Project – Growth | | | | | |
| 4. | Helikon 2-3 Mineral Resource upgrade | 500,000 | 12% | 500,000 | 4% |
| Other | | | | | |
| 5. | Working capital | 1,276,066 ¹ | 32% | 3,900,176 ² | 33% |
| 6. | Expenses of the Offer ² | 423,934 | 11% | 512,769 | 4% |
| | Total | 4,000,000 | 100% | 11,712,945 | 100% |

Notes:

1. Working capital will be allocated as follows (based on the Minimum Subscription):

| | |
|----------------------|--------------------|
| Salary and Wages | \$546,622 |
| Office & General | \$484,455 |
| Business Development | \$244,989 |
| | <u>\$1,276,066</u> |

2. Working capital will be allocated as follows (based on the Full Subscription):

| | |
|----------------------|--------------------|
| Salary and Wages | \$1,670,698 |
| Office & General | \$1,480,692 |
| Business Development | \$ 748,786 |
| | <u>\$3,900,176</u> |

3. Refer to Section 6.8 for further details relating to the estimated expenses of the Offer.

If only the Minimum Subscription is raised under the Offer, then the amount allocated to the completion of FEED and lender due diligence and the Helikon 2-3 Mineral Resource upgrade are not expected to change. However, the Company will reduce the amount of funds allocated to the chemical plant and concentrator stage 2 EPCM works and working capital by the amount of the difference between the amount raised and the Minimum Subscription.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Offer is not fully subscribed, operational objectives are likely to be modified, which may result in delay or substantial changes to the Company's future plans. In this event (and after accounting for associated Offer costs) it is likely that the Company will appropriate scale back funds available for chemical plant and concentrator stage 2 EPCM works.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. 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 funds are applied on this basis.

3.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$11,800,176 (after adding \$600,000 raised from the Controlled Placement Agreement as announced on 10 October and deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (a) increase the number of Shares on issue from 6,507,191,233 as at the date of this Prospectus to 7,157,910,356 Shares; and
- (b) increase the number of Options on issue from 785,654,823 as at the date of this Prospectus to 1,111,014,385 Options.

3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

Shares

| | Number |
|--|----------------------|
| Shares currently on issue | 6,507,191,233 |
| Shares offered pursuant to the Offer | 650,719,123 |
| Total Shares on issue after completion of the Offer | 7,157,910,356 |

Options

| | Number |
|--|-------------|
| Options currently on issue | |
| Listed Options exercisable \$0.026 expiring 18 June 2023 | 478,597,823 |

| | Number |
|---|----------------------|
| Unlisted Options exercisable at \$0.025 and expiring 21 November 2022 | 73,000,000 |
| Unlisted Options exercisable at \$0.016 on or before 8 December 2022 | 75,000,000 |
| Unlisted Options exercisable at \$0.35 on or before 26 February 2023 | 5,967,000 |
| Unlisted Options exercisable at \$0.012 on or before 19 November 2023 | 67,500,000 |
| Unlisted Options exercisable at \$0.02 on or before 14 January 2024 | 18,090,000 |
| Unlisted Options exercisable at \$0.072 on or before 18 November 2024 | 67,500,000 |
| Total Options on issue as at the date of this Prospectus | 785,654,823 |
| New Options to be issued pursuant to the Offer | 325,359,562 |
| Total Options on issue after completion of the Offer | 1,111,014,385 |

The capital structure on a fully diluted basis as at the date of this Prospectus would be 7,292,846,056 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date) would be 8,268,924,741 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.4 Pro-forma balance sheet

The audited balance sheet as at 30 June 2022 and the unaudited pro-forma balance sheet as at 30 June 2022 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options or convertible securities are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | AUDITED 30 June 2022 \$ | PROFORMA Maximum Raise \$ | PROFORMA Minimum Raise \$ |
|--------------------------------------|-------------------------------|------------------------------------|------------------------------------|
| CURRENT ASSETS | | | |
| Cash | 8,042,822 | 19,842,998 ⁽¹⁾ | 12,218,888 ⁽²⁾ |
| Other current assets | 2,204,232 | 2,204,232 | 2,204,232 |
| TOTAL CURRENT ASSETS | 10,247,054 | 22,047,230 | 14,423,120 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 8,590,777 | 8,590,777 | 8,590,777 |
| Exploration costs | 46,763,770 | 46,763,770 | 46,763,770 |
| Intangibles | 29,065,361 | 29,065,361 | 29,065,361 |
| Other non-current assets | 632,379 | 632,379 | 632,379 |
| TOTAL NON-CURRENT ASSETS | 85,052,287 | 85,052,287 | 85,052,287 |
| | | | |
| TOTAL ASSETS | 95,299,341 | 107,099,517 | 99,475,407 |
| | | | |
| CURRENT LIABILITIES | | | |
| Creditors and other payables | 1,986,170 | 1,986,170 | 1,986,170 |
| Lease liabilities | 279,751 | 279,751 | 279,751 |
| Short term provisions | 178,697 | 178,697 | 178,697 |
| Deferred revenue | 6,613,159 | 6,613,159 | 6,613,159 |
| TOTAL CURRENT LIABILITIES | 9,057,777 | 9,057,777 | 9,057,777 |
| | | | |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 6,744,318 | 6,744,318 | 6,744,318 |
| Provisions | 670,970 | 670,970 | 670,970 |
| Deferred tax liability | 2,384,718 | 2,384,718 | 2,384,718 |
| TOTAL NON-CURRENT LIABILITIES | 9,800,006 | 9,800,006 | 9,800,006 |
| | | | |
| TOTAL LIABILITIES | 18,857,783 | 18,857,783 | 18,587,783 |
| | | | |
| NET ASSETS | 76,441,558 | 88,241,734 | 80,617,624 |

| | AUDITED 30 June 2022 | PROFORMA Maximum Raise | PROFORMA Minimum Raise |
|--|-------------------------|------------------------------|------------------------------|
| | \$ | \$ | \$ |
| EQUITY | | | |
| Share capital | 102,655,726 | 114,455,902 | 106,831,792 |
| Reserves | 8,044,715 | 8,044,715 | 8,044,715 |
| Accumulated losses | (41,653,272) | (41,653,272) | (41,653,272) |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | 70,653,272 | 81,837,345 | 74,213,235 |
| NON-CONTROLLING INTEREST | 6,404,389 | 6,404,389 | 6,404,389 |
| TOTAL EQUITY | 76,441,558 | 88,241,734 | 80,617,624 |

Notes:

1. Pro-forma cash and cash equivalents under the Maximum raise includes \$11,712,945 assuming all Entitlements are accepted and \$600,000 raised from the Controlled Placement Agreement as announced on 10 October 2022.
2. Pro-forma cash and cash equivalents under the Minimum raise includes \$4,000,000 assuming only Entitlements equal to the underwriting are accepted and \$600,000 raised from the Controlled Placement Agreement as announced on 10 October 2022.
3. Pro-forma share capital under the Maximum raise includes \$11,783,398 assuming all Entitlements are accepted and \$600,000 raised from the Controlled Placement Agreement as announced on 10 October 2022.
4. Pro-forma share capital under the Minimum raise includes \$4,159,464 assuming only Entitlements equal to the underwriting are accepted and \$600,000 raised from the Controlled Placement Agreement as announced on 10 October 2022.

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i)** each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii)** on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii)** on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Terms of New Options

The terms of the New Options to be issued under the Offer are set out below.

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.03 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the second anniversary of the issue date (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New 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 New Option being exercised in cleared funds (**Exercise Date**).

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

Within 5 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 New 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 New 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 New 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 New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

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

(l) **Transferability**

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

5. RISK FACTORS

5.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

| Risk Category | Risk |
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| Potential for dilution | <p>In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 9.09% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).</p> <p>It is not possible to predict what the value of the Company, a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.</p> <p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.022 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.</p> |
| Additional requirements for capital | <p>The Company's capital requirements depend on numerous factors. The development of the Phase 1 Project is dependent on the Company's ability to secure further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and</p> |

| Risk Category | Risk |
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| | <p>operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p> <p>The Company will need to raise additional capital to fund the development of the integrated Phase 1 Chemical Plant. The decision on how and when the Company will raise future capital will largely depend on the market conditions existing at that time.</p> |
| <p>L-Max[®] Technology Risk</p> | <p>The L-Max[®] Technology is a new process that has only been tested at a demonstration pilot scale. The technology has not been scaled up and tested and may not be technically feasible, may not perform the process as it was designed, may prove uneconomic, unreliable and may not be developed on a timely basis.</p> <p>Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.</p> <p>The L-Max[®] Technology is a proprietary process that is the subject of a granted USA, Australian, European and Japanese patent, Australian Innovation Patent and a number of patent applications across several countries.</p> <p>Although the Company is not aware of any third party interests in relation to the L-Max[®] Technology, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.</p> <p>Although the Company will implement all reasonable endeavours to protect its L-Max[®] Technology, there can be no assurance that these measures have been, or will be sufficient.</p> |
| <p>LOH-Max[®] Technology Risk</p> | <p>The LOH-Max[®] Technology is a new process that has only been tested at pilot scale. The technology has not been scaled up and may not be technically feasible, may not perform the process as it was designed, may prove uneconomic, unreliable and may not be developed on a timely basis.</p> <p>Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.</p> <p>The LOH-Max[®] Technology is a proprietary process that the Company acquired on 25 November 2020 and is the subject of a number of patent applications across several countries. In addition to a cash payment of \$10,000 the vendors will be entitled to a trailing royalty in relation to any third party LOH-Max[®] licences entered into by the Lepidico Group after 1 January 2021.</p> <p>Although the Company is not aware of any third party interests in relation to the LOH-Max[®] Technology, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.</p> <p>Although the Company will implement all reasonable endeavours to protect the LOH-Max[®] Technology, there can be no assurance that these measures have been or will be sufficient.</p> |

| Risk Category | Risk |
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| <p>Going Concern</p> | <p>The Company's Annual Financial Report for the Financial Year ended 30 June 2022, and released on 23 September 2022, (Annual Report) includes a note on the financial condition of the Company and notes that the ability of the Group to continue as a going concern is dependent on the Company being able to continue to raise additional funds as required to meet ongoing exploration and development programs and working capital.</p> <p>The Annual report states: <i>For the year ended 30 June 2022, the Group incurred a net loss after tax of \$7,941,340 and a net cash outflow from operations of \$5,482,547. At 30 June 2022, the Company had net current assets of \$1,189,277.</i></p> <p>The Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current exploration commitments, ongoing development programs and short-term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long-term working capital costs of the Company.</p> <p>In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.</p> |
| <p>Non-binding Arrangements</p> | <p>The Company has entered into multiple non-binding arrangements with various parties under non-disclosure agreements. The purpose of the non-binding arrangements is to summarise the current status and understanding of discussions at that point in time. Whilst these discussions are ongoing, no binding offtake arrangements have been entered into.</p> <p>The terms of any binding arrangements that may result from non-binding term sheets or letters of intent may vary significantly from those originally contemplated or may not eventuate at all.</p> |
| <p>Licensing of Technology</p> | <p>The Company has entered into binding licencing arrangements for its L-Max[®] and LOH-Max[®] Processes. The Company will only receive a monetary gain from those arrangements if the licensee is able to effectively commercialise the L-Max[®] and LOH-Max[®] Processes. There is a risk of poor licensee strategy or execution which may impact the success of the L-Max[®] and LOH-Max[®] Processes on third party deposits.</p> <p>A dispute over the licencing arrangements between the Company and the licensees may result in costly legal fees.</p> |
| <p>Jinhui Offtake Agreement</p> | <p>Desert Lion Energy Inc (Desert Lion), which holds an 80% interest in the Karibib project in Namibia (Karibib Project), was acquired by the Company on 11 July 2019.</p> <p>Desert Lion received a prepayment of US\$4.5 million (the Deposit) from Jiangxi Jinhui Lithium Co Ltd (Jinhui), a private Chinese corporation under an offtake agreement dated 6 November 2017, as amended (the Jinhui Lithium Offtake Agreement). The Jinhui Lithium Offtake Agreement provides for the sale of certain low-grade lepidolite concentrate material and lepidolite concentrate located in the stockpile at the Karibib Project.</p> <p>The Jinhui Lithium Offtake Agreement became effective on 16 November 2017 and ends on the earlier of 60 months following such date (being 16 November 2022) and the date that is 15</p> |

| Risk Category | Risk |
|---|--|
| | <p>business days after all concentrate produced from the stockpiled material has been loaded on to the vessel nominated by Jinhui and has been paid for by Jinhui.</p> <p>Following the completion of the first shipment by Desert Lion on 24 April 2018, the Agreement came into full force and effect with no specific mechanism for return of the Deposit. The remaining balance of the Deposit was to continue to amortize against any future shipments of the stockpile material without accruing interest.</p> <p>On 31 August 2018, Desert Lion announced it had ceased all operations in Namibia and commenced negotiations with Jinhui to amend the pricing metrics under the Jinhui Lithium Offtake Agreement.</p> <p>Following the Company's acquisition of Desert Lion, the Company has continued to engage with Jinhui with respect to amending various terms of the Jinhui Lithium Offtake Agreement including extending its term, revising the pricing structure and/or terminating the agreement. The parties continue to discuss a mutually beneficial outcome.</p> |
| <p>No profit to date and uncertainty of future profitability</p> | <p>Lepidico has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. Lepidico expects to make losses in the foreseeable future even though its proprietary process technologies might become commercialised. Factors that will determine Lepidico's future profitability are its ability to manage its costs, its ability to execute its development and growth strategies in relation to both exploration and its process technologies, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted.</p> |
| <p>Definitive Feasibility Study results</p> | <p>The Company completed a definitive feasibility study (DFS) for a Phase 1 Project with a chemical plant located in Abu Dhabi, as well as two mines and a concentrator located in Namibia in May 2020. However, the DFS contains statements that are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond Lepidico's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement contained in the DFS. The inclusion of such statements in the DFS should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Lepidico undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of the DFS (subject to securities exchange disclosure requirements). The information in the DFS does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this announcement constitutes investment, legal, tax or other advice.</p> <p>There can be no assurance that statements made in the DFS will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Refer Risk Factor: Increases in capital and operating costs below.</p> |

| Risk Category | Risk |
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| Pilot Plant limited operation | <p>The Company has operated four pilot plants. Most recently a demonstration scale L-Max[®] plant and LOH-Max[®] pilot plant was operated in four phases between November 2021 and July 2022. Approximately 8 tonnes of concentrate grading 3.7% Li₂O, sourced from Karibib was processed in continuous operation through the L-Max[®] leach and impurity removal circuits. The trial involved flexing operating parameters to identify and quantify operational sensitivities to variations in process conditions. This in turn led to several Phase 1 design revisions being implemented. The trial culminated in a period of steady state operation. Subsequent campaigns were undertaken to produce lithium hydroxide via the LOH-Max circuit and potassium, rubidium and caesium sulphates via a separate by-product circuit.</p> <p>Reports were provided by Strategic Metallurgy on the L-Max[®] and LOH-Max[®] campaigns, which were subsequently independently reviewed by Behre Dolbear Australia Pty Ltd (BDA) on behalf of prospective Project lenders. Reports for lithium hydroxide refining and by-product manufacture are pending receipt of data from external sources.</p> <p>The demonstration scale pilot has only been operated for one campaign and may not perform the process as it was designed for any subsequent campaigns or at larger scale.</p> |
| Research and Development | <p>The Company can make no representation that any of its research into or development of the Company's lithium technologies will be successful, that the development milestones will be achieved, or that the Technologies will be developed into products that are commercially exploitable.</p> <p>There are many risks inherent in the development of technology products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.</p> |
| Government licences and approvals | <p>Lepidico through its direct and indirect participation in corporations, partnerships or joint ventures has interests in properties in Namibia. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.</p> <p>Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements. Outcome in courts in other jurisdictions may be less predictable than in Australia, which could affect the enforceability of contracts entered into.</p> <p>The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations of Lepidico. Lepidico has made its investment and strategic decisions based on the information currently available to the Directors, however, should there be any material change in the political, economic, legal and social environments in UAE, and Namibia the Directors may reassess investment decisions and commitments to assets in these jurisdictions.</p> |

| Risk Category | Risk |
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| Conflicts of Interest | Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures. Situations may arise where the other interests of these Directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and are required to follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies. |
| Management of growth | The ability of Lepidico to implement its strategy requires effective planning and management control systems. Lepidico's plans may place a significant strain on the Company's management, operational, financial and personnel resources. The Company's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and results of operations. |
| New project risk | As part of its business strategy, the Company may evaluate new business opportunities and make acquisitions of or significant investments in other resource or non-resource projects. Projects may be located in Australia or overseas. Should a suitable new business opportunity be identified, it will then need to be assessed for its technical, legal and commercial suitability. There is no guarantee that any proposed acquisition of a new business or project will be completed or will be successful. Identification and evaluation of a business opportunity or a project can take considerable time and consume significant cash resources. |
| Increases in capital and operating costs | The actual capital and operating costs could be significantly higher than the estimates, particularly if there are material changes in project scope or delays to the construction of the Phase 1 Chemical Plant or significant movements in inflationary factors. There can be no assurance that actual capital costs and operating costs will be as estimated in the DFS. |
| Coronavirus (COVID-19) | <p>The coronavirus disease (COVID-19) is impacting global markets. The nature and extent of the effect of the disease on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by economic impacts and uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and any adverse impact on the Company. If any of these impacts appear material</p> |

| Risk Category | Risk |
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| | prior to close of the Offer, the Company will notify investors under a supplementary prospectus. |

5.3 Industry specific

| Risk Category | Risk |
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| International operations | <p>Any potential future operations of Lepidico in overseas jurisdictions are subject to a number of risks, including:</p> <ul style="list-style-type: none"> (a) geo-politics associated with competition for critical minerals that could impact financing and product supply arrangements; (b) potential difficulties in enforcing agreements and collecting receivables through foreign local systems; (c) potential difficulties in protecting rights and interests in assets; and (d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes. <p>any of these factors could materially and adversely affect Lepidico's business, results of operations and financial condition.</p> |
| Exploration, geological and development risks | <p>Mineral exploration and development are speculative and high risk activities that requires large amounts of expenditure over extended periods of time and may be impeded by circumstances and factors beyond Lepidico's control. The Company's ability to succeed in these practices involves (amongst other things):</p> <ul style="list-style-type: none"> (a) discovery and proving-up, or acquiring, an economically recoverable mineral resource or reserve; (b) access to adequate capital throughout the acquisition/discovery and project development phases of a mineral exploration project; (c) securing and maintaining title to such mineral exploration projects; (d) obtaining required development consents and approvals necessary for the acquisition, exploration, development and production phases of the project; and (e) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees. <p>There can be no assurance that forthcoming exploration programmes, or subsequent exploration programmes, will result in the realisation of the Company's objectives such as the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. Further, conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation or geological, geochemical, geophysical, drilling and other data.</p> |
| Operational and technical risks | <p>The operations of the Company may be affected by various factors, including but not limited to:</p> <ul style="list-style-type: none"> (a) Failure to locate or identify mineral deposits; |

| Risk Category | Risk |
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| | <ul style="list-style-type: none"> (b) Failure to achieve predicted grades and tonnes in exploration and mining; (c) Operational and technical difficulties encountered in mining; (d) Insufficient or unreliable infrastructure, such as power, water and transport; (e) Difficulties in commissioning and operating plant and equipment; (f) Mechanical failure or plant breakdown; (g) Unanticipated metallurgical problems which may affect extraction costs; (h) Adverse weather conditions; (i) Industrial and environmental accidents; (j) Industrial disputes and labour shortages; and (k) Unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. |
| <p>Commodity price fluctuations</p> | <p>The Company is seeking to develop projects which will be reliant on the prices of various commodities including lithium chemicals and various by-products. Lithium chemicals are considered to be specialty industrial chemicals and the sales prices for the different lithium compounds are not public. Lithium chemicals are not traded commodities like base and precious metals. Therefore, it is possible that the sales prices used in the Definitive Feasibility Study will be different than the actual prices at which the Company is able to sell its lithium compounds. Commodity and product prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include foreign currency fluctuation, worldwide and regional supply and demand for commodities and chemicals, industrial disruption, forward selling by producers and production cost levels, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.</p> |
| <p>Lithium, Caesium and Rubidium Demand</p> | <p>There are a limited number of producers of lithium, caesium and rubidium compounds and it is possible that those existing producers will try to prevent new-comers from entering the chain of supply by increasing their production capacity, lowering sales prices and/or through establishing contractual terms with consumers that make the market more challenging for new producers.</p> <p>The Company intends to produce lithium hydroxide monohydrate to be used in the making of cathodes for rechargeable batteries and certain other industrial uses. If cathode manufacturers use less lithium chemical than expected, or if the demand for rechargeable batteries, mainly used in electric and hybrid vehicles, is less than forecasted, it could have a material adverse effect on the sales price, profitability and development strategy of the Company.</p> |

| Risk Category | Risk |
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| | In addition, the commercialisation of new technology carries the risk that, at any stage, of development it may be deemed uncommercial for a variety of reasons, including the development of newer and better technologies. A decrease in the demand for lithium, by virtue of technological displacement, would have a significant impact on the Company's business model, operating results and financial position. |
| Title Risk | Interests in exploration licences are governed by the national legislation in the relevant jurisdiction. The licences which grant the title to each property are subject to compliance with certain requirements, including lodgement of reports, payment of royalties and compliance with environmental conditions and environmental legislation. Consequently, as is the case in Australia, Lepidico runs the risk of incurring penalties or loss of title to or its interest in its licences if these requirements are not met. |
| Joint venture parties, contractors and agents | <p>In conducting its business, the Company relies on continuing existing strategic relationships and has been forming new relationships with other entities in the mineral exploration and mining industry, including joint venture partners, contractors and agents. There can be no assurance that existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be materially adversely affected by changes to such relationships or difficulties in forming new ones.</p> <p>The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party, or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities, or insolvency or other managerial failure by any of the other service providers used by the Company for any activity.</p> |
| Environmental risk | Lepidico's operations will be subject to various regulations regarding environmental matters. Development of each of Lepidico's projects will be dependent on the relevant licences meeting environmental guidelines and gaining approvals by government authorities. Whilst Lepidico intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and approvals. |
| Unforeseen expenditure risk | Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. If such expenditure is subsequently incurred, this may adversely affect the expenditure proposals by Lepidico. |
| Competition | The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and businesses. |

5.4 General risks

| Risk Category | Risk |
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| Economic | General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production |

| Risk Category | Risk |
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| | activities, as well as on its ability to fund those activities. |
| Market conditions | <p>Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> <p>In addition, the extent of the effects of COVID-19 is at this stage uncertain and continuing to evolve. The COVID-19 pandemic is having, and is expected to continue to have, a significant influence on the volatility of equity markets generally and may continue to impact and influence the value of the Company's quoted securities.</p> |
| Litigation risks | <p>The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.</p> <p>The Company is not currently engaged in any litigation.</p> |
| Currency risk | <p>The Company's operations currently incur expenditures in various currencies. As a result of the use of different currencies, the Company is subject to foreign currency fluctuations which may materially affect its business, results of operations and financial condition.</p> |
| Governmental policy changes and legal risk | <p>Government action or policy change in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect Lepidico's operations and financial performance.</p> <p>The Lepidico projects will be governed by a series of laws and regulations. Breaches of non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of Lepidico.</p> <p>These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for Lepidico. The legal and political conditions and any</p> |

| Risk Category | Risk |
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| | <p>changes thereto are outside the control of Lepidico.</p> <p>The introduction of new legislation or amendments to existing legislation by government, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern Lepidico's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of Lepidico and the value of its Shares.</p> |
| Dividends | <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p> |
| Taxation | <p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.</p> |
| Credit risk | <p>Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The Company has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis. The Company does not have any significant credit risk exposure to any single counter-party.</p> <p>As noted in the Annual Report, the group's cash and cash equivalents are held with HSBC Bank and First National Bank Namibia, and management consider the group's exposure to credit risk is low.</p> |
| Liquidity Risk | <p>Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.</p> <p>Typically, the Group ensures it has sufficient cash on demand to meet expected expenditures, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as the COVID-19 pandemic.</p> |
| Reliance on key personnel | <p>The ongoing responsibility of overseeing the day-to-day operations and the strategic management of Lepidico will depend substantially on its senior management and its key personnel,</p> |

| Risk Category | Risk |
|---|--|
| | <p>especially as it relates to administration, exploration and proprietary process technologies.</p> <p>There can be no assurance given that there will be no detrimental impact on Lepidico if one or more of these personnel cease their employment.</p> |
| <p>Economic conditions and other global or national issues</p> | <p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.</p> <p>General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p> <p>Specifically, it should be noted that the current evolving conflict between Ukraine and Russia is impacting global macroeconomics and markets generally. The nature and extent of the effect of this conflict on the performance of the Company and the value of Lepidico Shares remains unknown. The Lepidico Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the conflict between Ukraine and Russia and overall impacts on global macroeconomics. Given the situation is continually evolving, the outcomes and consequences are inevitably uncertain.</p> |

5.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

6. ADDITIONAL INFORMATION

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|-------------------|--|
| 10 October 2022 | Additional Capital Raised – Acuity Facility |
| 26 September 2022 | Notice under ASX LR 3.13.1 – Notice of Meeting |

| Date | Description of Announcement |
|-------------------|------------------------------|
| 23 September 2022 | Full Year Statutory Accounts |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.lepidico.com.

6.3 Market price of Shares and New Options

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares and New Options are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | (\$) | Date |
|---------|----------|-------------------------|
| Highest | \$0.0335 | 16 August 2022 |
| Lowest | \$0.021 | 3, 4 and 6 October 2022 |
| Last | \$0.022 | 7 October 2022 |

6.4 Material Contracts

6.4.1 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Mahe Capital Pty Ltd, pursuant to which Mahe Capital Pty Ltd has agreed to underwrite the Offer up to a value of \$4,000,000 (the **Underwritten Amount**) (being 34.15% of the funds to be raised under the Offer (and equal to 222,222,222 Shares and 111,111,111 New Options) (**Underwritten Securities**).

The Underwriter may appoint sub-underwriters to sub-underwrite the Offer.

The material terms and conditions of the Underwriting Agreement are summarised below:

| Fees | |
|------|--|
| | Pursuant to the Underwriting Agreement, the Company has agreed to: |
| | (a) pay a lead manager fee of \$60,000, which, on mutual agreement between the Company and the Underwriter, may be satisfied by the issue of Shares to Mahe Capital Pty Ltd (or its nominees) from the shortfall under the Offer; |
| | (b) pay a management fee of 1% of the total amount raised under the Offer, which, on mutual agreement between the Company and the Underwriter, may be satisfied by the issue of Shares to Mahe Capital Pty Ltd (or nominees) from the shortfall under the Offer; |
| | (c) pay an underwriting fee of 5% of the Underwritten |

| | |
|----------------------------------|---|
| | <p>Amount;</p> <p>(d) pay a placement fee of 5% of any shortfall securities placed beyond the Underwritten Amount. This will apply to any amount that might be placed in addition to the amount raised under the Offer; and</p> <p>(e) pay a termination fee of \$20,000 in the event that the Underwriting Agreement is terminated by the Underwriter in accordance with the Underwriter termination clauses contained in the Underwriting Agreement and listed below.</p> |
| <p>Termination Events</p> | <p>The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:</p> <p>(a) Indices fall: The S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement.</p> <p>(b) Prospectus: The Company does not lodge the Prospectus on the lodgement date or the Prospectus or the Offer is withdrawn by the Company.</p> <p>(c) No Listing Approval: The Company fails to lodge an Appendix 3B and/or an Appendix 2A in relation to the Underwritten Securities with ASX by the time required by the Listing Rules, the Corporations Act or any other regulations.</p> <p>(d) No Official Quotation: ASX has advised the Company that it will not or may not grant official quotation to the Underwritten Securities or admit the Company to trading on the ASX following completion of the Offer (including issue of the Shortfall Securities) on or prior to the Shortfall Notice Deadline Date.</p> <p>(e) Price: The Price (being \$0.18) is greater than the volume weighted average market price (as defined in the Listing Rules) of Shares calculated over three trading days after the date of the Underwriting Agreement.</p> <p>(f) Supplementary prospectus</p> <p>(i) The Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph (s)(iv) below, forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as the Underwriter may reasonably require; or</p> <p>(ii) the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter.</p> <p>(g) Non-compliance with disclosure requirements</p> <p>It transpires that the Prospectus does not contain all the</p> |

information that investors and their professional advisers would reasonably require to make an informed assessment of:

- (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Underwritten Securities.
- (h) **Misleading Prospectus:** It transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive.
- (i) **Misleading Announcement:** It transpires that the Company has made a statement via the ASX that is misleading or deceptive or likely to mislead or deceive.
- (j) **Restriction on issue:** The Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority.
- (k) **Withdrawal of consent to Prospectus:** Any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent.
- (l) **ASIC application:** An application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice dealing date has arrived, and that application has not been dismissed or withdrawn.
- (m) **ASIC hearing:** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act.
- (n) **Takeovers Panel:** The Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel.
- (o) **Hostilities:** There is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the Underwriting Agreement has been signed involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any

of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.

- (p) **Authorisation:** Any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably.
- (q) **Event of Insolvency:** An Event of Insolvency occurs in respect of a Relevant Company (as those terms are defined in the Underwriting Agreement).
- (r) **Indictable offence:** A director or senior manager of a Relevant Company is charged with an indictable offence.
- (s) **Termination Events:** Subject to the paragraph below regarding Material Adverse Effect, any of the following events occurs:
 - (i) **Default:** Default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking.
 - (ii) **Incorrect or untrue representation:** Any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect.
 - (iii) **Contravention of constitution or Act:** A contravention by the Company or any of its subsidiaries (**Relevant Company**) of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX.
 - (iv) **Adverse change:** An event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time.
 - (v) **Error in Due Diligence Results:** It transpires that any of the Due Diligence Results or any part of the verification material was false, misleading or deceptive or that there was an omission from them.
 - (vi) **Significant change:** A "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor.
 - (vii) **Public statements:** Without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the

- Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act.
- (viii) **Misleading information:** Any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive.
 - (ix) **Change in Act or policy:** There is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement.
 - (x) **Prescribed Occurrence:** A Prescribed Occurrence (as that term is defined in the Underwriting Agreement) occurs, other than as disclosed in the Prospectus.
 - (xi) **Judgment against a Relevant Company:** A judgment in an amount exceeding \$100,000.00 is obtained against a Relevant Company and is not set aside or satisfied within 7 days.
 - (xii) **Litigation:** Litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any relevant company, other than any claims foreshadowed in the Prospectus.
 - (xiii) **Board and senior management composition:** Other than as disclosed to the Underwriter prior to the Execution Date, there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter, such consent not to be unreasonably withheld.
 - (xiv) **Change in shareholdings:** There is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company.
 - (xv) **Force Majeure:** A Force Majeure (as that term is defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Agreement lasting in

excess of 7 days occurs.

- (xvi) **Certain resolutions passed:** A relevant company passes or takes any steps to pass a resolution under Section 254N, Section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter.
- (xvii) **Capital Structure:** Any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon the exercise of options issued in the Company, such options having been disclosed to the ASX as at the date of the Underwriting Agreement.
- (xviii) **Breach of Material Contracts:** Any of the contracts is terminated or substantially modified.
- (xix) **Investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company; or
- (xx) **Market Conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The events listed in sub-paragraphs (s)(i) to (s)(xx) do not entitle the Underwriter to exercise its termination rights unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act.

Indemnity

Subject to the limitations of the indemnity included in the Underwriting Agreement, the Company will indemnify and keep indemnified the Underwriter and its directors, officers, employees and agents (**Related Parties**) and hold them harmless from and against all prosecutions, losses (including loss of profit or losses or costs incurred in connection with any investigation, enquiry or hearing by ASIC, ASX or any governmental authority or agency but excluding indirect, special or consequential losses), penalties, actions, suits, claims, costs (including legal costs on a solicitor-and-own-client basis), demands and proceedings (whether civil or criminal) (**Liability**) arising out of or in respect of:

- (a) non-compliance by the Company with or breach of any legal requirement or the Listing Rules in relation to the Prospectus or any Supplementary Prospectus;
- (b) any advertising of the Offer (notwithstanding that the Underwriter may have consented to it) or any documents in respect of the Offer which accompany the Prospectus or any Supplementary Prospectus or otherwise arising out of the Offer;
- (c) any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from the

| | |
|--|--|
| | Prospectus or any Supplementary Prospectus, any advertising of the Offer or any documents in respect of the Offer which accompany the Prospectus or any Supplementary Prospectus; or |
| | (d) any breach or failure by the Company to observe any of the terms of the Underwriting Agreement. |

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

6.4.2 Lead Manager Mandate

The Company has signed a mandate letter to engage Mahe Capital Pty Ltd to act as lead manager of the Offer (**Lead Manager Mandate**), the material terms and conditions of which are summarised below:

| | |
|-------------------------------|---|
| Fees | For details of the fees payable under the Lead Manager Mandate please refer to Section 6.4.1 above. For the avoidance of doubt, the Lead Manager is entitled to the fees detailed in Section 6.4.1 for its services as Lead Manager and Underwriter to the Offer. |
| Termination Events | <p>The Company may terminate the Lead Manager Mandate at any time before any offers have been made with two days' written notice or if the Lead Manager breaches the Lead Manager Mandate.</p> <p>The Lead Manager may terminate the Lead Manager Mandate at any time by giving two days' notice in writing of its intention to do so to the Company or if any of the following events occur:</p> <ul style="list-style-type: none"> (a) the Company defaults in relation to any term of the Lead Manager Mandate; (b) any information provided to the Lead Manager contains a false or a misleading statement; (c) the All Ordinaries Index as published by ASX falls 7% or more below the closing level on the date of the Lead Manager Mandate; (d) any representations or warranties made by the Company are or become untrue; or (e) the conditions specified in section 3 of the Lead Manager Mandate are not satisfied by 30 November 2022. |
| Right of First Refusal | The Company agrees to offer the Lead Manager the lead role in any future capital raising undertaken by the Company within three months of completion of the Offer. |

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations, warranties and confidentiality provisions).

6.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (i) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.4.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's 2022 Annual Report.

| Director | FY ended 30 June 2022 | FY ending 30 June 2023 (proposed) |
|---------------------------------|------------------------------|--|
| Gary Johnson ¹ | \$110,000 | \$110,500 |
| Julian "Joe" Walsh ² | \$408,317 | \$521,709 |

| Director | FY ended 30 June 2022 | FY ending 30 June 2023 (proposed) |
|-----------------------------|-----------------------|--------------------------------------|
| Mark Rodda ³ | \$88,000 | \$88,400 |
| Cynthia Thomas ⁴ | \$88,000 | \$88,400 |

Notes:

1. Mr Johnson is paid \$100,000 for cash and salary fees and \$10,000 in retirement benefits. In FY2023 it is proposed Mr Johnson will be paid \$100,000 for cash and salary fees and \$10,500 in retirement benefits.
2. Mr Walsh received \$408,317 for cash salary and fees. Mr Walsh is remunerated in Canadian dollars and his total salary was C\$375,000. The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.0888. Mr Walsh also received \$161,157 for STIs. In FY2023, it is proposed that Mr Walsh will be remunerated in Canadian dollars and his total salary will be increased to C\$465,500. The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.12075). Mr Walsh may also receive up to \$260,855 for STIs.
3. Mr Rodda received \$80,000 for cash salary and \$8,000 in retirement benefits. In FY2023 it is proposed Mr Rodda will be paid \$80,000 for cash and salary fees and \$8,400 in retirement benefits.
4. Ms Thomas received \$88,000 for cash salary and fees. In FY2023 it is proposed Ms Thomas will be paid \$88,400 for cash salary and fees.

6.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or

(g) the Offer.

Mahe Capital Pty Ltd has acted as the lead manager and underwriter of the Offer. The Company estimates it will pay Mahe Capital Pty Ltd the fees set out in Section 6.4.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, Mahe Capital Pty Ltd has received \$812,078 (excluding GST and disbursements) in fees from the Company for other services.

Steinepreis Paganin has acted as the legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$53,743.15 (excluding GST and disbursements) for legal services provided to the Company.

Mahe Capital Pty Ltd has been appointed as the nominee under section 615 of the Corporations Act. Mahe Capital Pty Ltd will be paid for this service on standard industry terms and conditions.

6.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Mahe Capital Pty Ltd has given its written consent to being named as the lead manager and underwriter to the Offer in this Prospectus. Mahe Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC

Mahe Capital Pty Ltd (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities.

Steinepreis Paganin has given its written consent to being named as the legal advisers to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Mahe Capital Pty Ltd has given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7.

Moore Australia Audit (WA) has consented to the inclusion of the audited financial information of the Company as at 30 June 2022 used for the purposes of the pro-forma balance sheet set out in Section 3.4.

6.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$512,769 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | \$ |
|---------------------------|----------------|
| ASIC fees | 3,206 |
| ASX fees | 24,434 |
| Underwriting fee | 200,000 |
| Manager to the Offer fee | 177,129 |
| Legal fees | 15,000 |
| Printing and distribution | 73,000 |
| Miscellaneous | 20,000 |
| Total | 512,769 |

6.9 Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Gary Johnson
Non-Executive Chairman
For and on behalf of
LEPIDICO LTD

7. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

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.

C\$ means Canadian dollars.

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

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

Constitution means the constitution of the Company as at the date of this Prospectus.

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

CRN means Customer Reference Number in relation to BPAY®.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Offer.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Exercise Price means the exercise price of the New Options being \$0.03.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Lead Manager means Mahe Capital Pty Ltd (AFSL 517246).

New Option means an Option issued on the terms set out in Section 4.2.

Offer means the renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

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

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the Shortfall Offer application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.6.

Shortfall Securities means those Securities not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.

Underwriter means Mahe Capital Pty Ltd (AFSL 517246).

Underwritten Amount means \$4,000,000.

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