

**ASX/Media Announcement**

Perth: 6 February 2017

**Lithium alliance with Avalon Advanced Materials Inc.**

Lepidico Ltd (ASX:LPD) ("Lepidico" or "the Company") is pleased to announce that it has entered into a Letter of Intent (LOI) with Avalon Advanced Materials Inc. (TSX: AVL and OTCQX: AVLNF) ("Avalon") for an integrated lepidolite mining and lithium carbonate production partnership in Canada.

Avalon owns the Separation Rapids lithium deposit situated approximately 70 km by road north of Kenora, Ontario. Separation Rapids hosts a substantial NI43-101 compliant petalite Mineral Resource (ref. Avalon's Preliminary Economic Assessment announcement, 27 September 2016). Samples from outcropping lepidolite-rich sub-zones to the east of the main Separation Rapids petalite resource were recently provided to Lepidico for laboratory bench tests using L-Max® as part of the Phase 1 Plant Pre-Feasibility Study (PFS). Excellent results were achieved including the production of battery grade lithium carbonate of 99.88% purity, as reported by Lepidico in its ASX announcement of 25 January 2017.

Avalon and Lepidico have subsequently entered into a non-binding letter of intent ("LOI") under which it is contemplated that Avalon would sell a minimum of 15,000 tonnes per annum of lepidolite concentrate produced from its planned demonstration-scale pilot plant to be located in Kenora, to Lepidico for processing at its planned Phase 1 commercial lithium carbonate production facility. As part of its PFS, Lepidico is contemplating locating its Phase 1 Plant in Canada, near large consumers of L-Max® products including lithium carbonate and sodium silicate. Subject to successful completion of the PFS, Lepidico plans to undertake a definitive feasibility study scheduled for completion by December 2017.

Avalon plans to proceed with a winter drilling program by the end of February 2017 to test known extensions of the Separation Rapids lithium deposit and expand the mineral resource. This will include a number of holes designed to better delineate the lepidolite-rich sub-zones and bring them into the total lithium resources on the property.

Under the LOI Avalon agrees to deal exclusively with Lepidico with regards to L-Max®.

Lepidico's Managing Director, Joe Walsh said, *"Test work on lepidolite samples from Separation Rapids has returned excellent recoveries and produced high-specification battery grade lithium carbonate using Lepidico's L-Max® technology. The partnership between Avalon and Lepidico provides the opportunity for lepidolite within the Separation Rapids deposit to provide a new source of lithium battery material to the market and also expedite the commercialisation of L-Max®."*

**Further Information**

For further information, please contact

**Joe Walsh**  
**Managing Director**  
**Lepidico Ltd**  
+61 (0) 417 928 590

**Tom Dukovic**  
**Director Exploration**  
**Lepidico Ltd**  
+61 (0)8 9363 7800

## About Lepidico Ltd

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite. The L-Max® Process has the potential to disrupt the lithium market by providing additional lithium supply from alternative sources. The Company is currently conducting a pre-feasibility study for a Phase 1 L-Max® plant, targeting production for 2019. Four potential sources of feed to the planned Phase 1 Plant are being evaluated, one of which is the Separation Rapids deposit in partnership with its owner Avalon Advanced Materials Inc. Lepidico's current exploration assets include options over the Lemare and the Royal projects, both in Quebec, Canada; ownership of the Euriowie project near Broken Hill in New South Wales; joint venture agreements with ASX-listed Crusader Resources (ASX:CAS) in Brazil and ongoing discussions with Latin Resources (ASX:LRS) aimed at leveraging L-Max® in Peru and Argentina to jointly evaluate lithium opportunities.