

# Desert Lion Energy Receives Shareholder Support for Lepidico Merger

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TORONTO, May 21, 2019 - [Desert Lion Energy Inc.](#) (TSXV: DLI) (OTCQB: DSLEF) ("Desert Lion" or the "Company") is pleased to announce that, in connection with its press release dated May 7, 2019, in which the Company announced it had entered into a definitive arrangement agreement to merge with ASX-Listed [Lepidico Limited](#) (ASX: LPD) ("Lepidico"), Desert Lion has received signed shareholder support agreements representing 61,292,342 shares, approximately 58% of the Company's total shares issued and outstanding.

## Transaction Highlights

- The transaction will combine two companies with highly complementary assets to create an integrated lithium business which has:
  - Lepidico's innovative L-Max®, LOH-Max™ and S-Max™ proprietary process technologies and offtake arrangement with Mota Ceramic Solutions from the operational Alvarrões lepidolite mine in Portugal;
  - Desert Lion's Rubicon and Helikon deposits in Namibia and partially developed lepidolite concentrator. Mineral Resources – Indicated 3.0Mt @ 0.63% Li<sub>2</sub>O & Inferred 5.8Mt @ 0.53% Li<sub>2</sub>O (see section 14 of Desert Lion's *NI 43-101 Technical Report* dated November 28, 2018, as amended and restated on December 7, 2018, for more information);
  - Lepidico's pilot plant with L-Max® and S-Max™ capability, which is in the commissioning phase, and the Phase 1 Plant Project, at the advanced stages of feasibility study which contemplates output capacity of 5,000tpa lithium hydroxide;
  - Battery grade lithium carbonate of 99.8% purity produced from Desert Lion lepidolite mineralisation in L-Max® amenability trial; and
  - Desert Lion's non-binding offtake agreement for lithium hydroxide with chemicals and materials multinational corporation BASF SE.
- Lepidico will acquire all of the outstanding common shares of Desert Lion for 5.4 Lepidico shares for every 1 Desert Lion share.

"With strong shareholder support, the transaction with Lepidico is progressing as planned and both groups are looking forward to completing the transaction and advancing the Desert Lion Project," commented Tim Johnston, CEO of [Desert Lion Energy Inc.](#)

## Transaction Timeline

Both companies are progressing on schedule for completion of the transaction by the end of July 2019, with Desert Lion's shareholder meeting scheduled for 27 June 2019.

### *Indicative timetable for merger completion*

Announcement of the Transaction	7 May 2019
Dispatch of Desert Lion's Circular to Desert Lion Shareholders	May 2019
Desert Lion Company Meeting	27 June 2019
Implementation of Merger	July 2019

## Completion of Previously Announced Shares for Debt Settlement

The Company is also pleased to announce that it has completed its shares for debt settlement with a creditor that was previously announced on May 7, 2019 (the "Shares for Debt Settlement") after being granted approval by the TSX Venture Exchange. Pursuant to the Shares for Debt Settlement, the Company has issued a total of 27,473 common shares of Desert Lion at a deemed price of C\$1.82 per share in payment of C\$50,000 of certain additional obligations owed in connection with its acquisition of Exclusive Prospecting License 5718. The common shares issued pursuant to the Shares for Debt Settlement are

subject to a four month and one day hold period expiring on September 16, 2019.

### Further Information

For further information, please contact

Joe Walsh            Tom Dukovcic            Tim Johnston

Managing Director    Director Exploration    Chief Executive Officer

[Lepidico Ltd.](#)            [Lepidico Ltd.](#)            [Desert Lion Energy Inc.](#)

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### About Desert Lion Energy Inc.

[Desert Lion Energy Inc.](#) is a Toronto based emerging lithium development company focused on building Namibia's first large-scale lithium mine located near the town of Karibib approximately 210 km from the nation's capital of Windhoek and 220 km from the Port of Walvis Bay (the "Desert Lion Project"). Desert Lion's Rubicon and Helikon mines, which have been mined intermittently for petalite and tantalum since the 1930s, are located within a prospective land package covering approximately 1,000 km<sup>2</sup>. The project site is accessible year-round by road and has access to power, water, rail, port, airport and communication infrastructure. Desert Lion has delineated a NI 43-101 Mineral Resource estimate at Rubicon and Helikon of Indicated 3.0Mt @ 0.63% Li<sub>2</sub>O and 59ppm Ta<sub>2</sub>O<sub>5</sub> & Inferred 5.8Mt @ 0.53% Li<sub>2</sub>O and 59ppm Ta<sub>2</sub>O<sub>5</sub> (see section 14 of Desert Lion's *NI 43-101 Technical Report* dated November 28, 2018, as amended and restated on December 7, 2018, for more information).

### About Lepidico Ltd

Lepidico Ltd is an ASX-listed company focused on exploration, development and production of lithium chemicals. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite. The L-Max® Process has the potential to complement the lithium market by adding low-cost lithium carbonate supply from alternative sources. More recently Lepidico has added LOH-Max™ to its technology base, which produces lithium hydroxide from lithium sulphate without by-produce sodium sulphate. Lepidico is currently conducting a Feasibility Study for a 5,000 tonne per annum Phase 1 lithium chemical plant. Work is currently being undertaken to evaluate the incorporation of LOH-Max™ into the Phase 1 Plant Project flow sheet. Lepidico has entered into an access agreement in Portugal with owner-operator Mota Ceramic Solutions (ASX announcement of 7 December 2017).

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

### Cautionary Note Regarding Forward-Looking Statements

*This news release contains "forward-looking information" within the meaning of applicable securities laws. Generally, any statements that are not historical facts may contain forward-looking information, and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or indicates that certain actions, events or results "may", "could", "would", "might" or "will be" taken, "occur" or "be achieved." Forward-looking information is based on certain factors and assumptions management believes to be reasonable at the time such statements are made, including but not limited to: (i) assumptions and expectations with regard to the proposed merger, its completion and anticipated benefits and advantages; (ii) the future prospects, including the integration and commercial viability of Lepidico's technologies, resulting from the proposed merger and the ability to unlock value; (iii) the completion of the entitlements offers; (iv) continued exploration activities; (v) lithium and other metal prices; (vi) , the estimation of initial and sustaining capital requirements; (vii) the estimation of labour and production costs; (viii) the estimation of*

*mineral reserves and resources; (ix) assumptions with respect to currency fluctuations; (x) the timing and amount of future exploration and development expenditures; (xii) receipt of required regulatory approvals; (xiii) the availability of necessary financing for Lepidico, Desert Lion and the Desert Lion Project, permitting; and (xv) such other assumptions and factors as set out herein.*

*Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Desert Lion and Lepidico to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks related to changes in lithium prices; sources and cost of power and water for the Desert Lion Project; the estimation of initial capital requirements; the lack of historical operations; the estimation of labour and operating costs; general global markets and economic conditions; risks associated with exploration, development and operations of [Mineral Deposits Ltd.](#); the estimation of initial targeted mineral resource tonnage and grade for the Desert Lion Project; risks associated with uninsurable risks arising during the course of exploration, development and production; risks associated with currency fluctuations; environmental risks; competition faced in securing experienced personnel; access to adequate infrastructure to support exploration activities; risks associated with changes in the mining regulatory regime governing Lepidico, Desert Lion and the Desert Lion Project; completion of the environmental assessment process; risks related to regulatory and permitting delays; risks related to potential conflicts of interest; the reliance on key personnel; financing, capitalization and liquidity risks including the risk that the financing necessary to fund continued exploration and development activities at the Desert Lion Project may not be available on satisfactory terms, or at all; the risk of potential dilution through the issuance of additional common shares of Lepidico and Desert Lion; the risk of litigation; the risk that the proposed merger will not be completed within the proposed timeline, or at all; and the risk that Lepidico's entitlements offers will not be completed.*

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

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