

Lithium Australia Makes Takeover Move on Lepidico

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THE BOURSE WHISPERER: Lithium Australia (ASX: LIT) made its intentions known that it is making a conditional off-market scrip bid for Western Australia lithium explorer and developer, Lepidico Ltd (ASX: LPD).

Lithium Australia announced the offer, valued at \$23.8 million, for all of the fully paid ordinary shares in LPD on the basis of one LIT fully paid ordinary share for every 13.25 fully paid ordinary shares in LPD.

LIT admitted the bid is a healthy premium to the current trading price and values LPD at a 13 per cent premium, however it also claimed the bid provides LPD shareholders with the opportunity to participate in a combined group which would be the holder of one of the largest lithium exploration and development portfolios in the world, as well as holding multiple lithium processing technologies for treating both spodumene and mica mineralogies.

To that end LIT has already entered into agreements with LPD shareholders currently holding 17.87 per cent of LPD, including Parkway Minerals (ASX: PWN) , which has agreed to sell its 97 million shares, who have agreed to accept the bid on the terms set out, in the absence of a higher bid.

LIT is making its Bid for LPD to secure ownership and control of LPD, explaining it has already been in negotiations to achieve a merger with LPD while also seeking a declaration from the WA Supreme Court in relation to the Sileach lithium treatment process.

LIT said it considers combining the companies is in the interests of shareholders of both companies as it will bring the Sileach process and LPD's L-Max process as well as each group's other intellectual property under common ownership.

"Lithium Australia and Lepidico have a similar business strategy, and both have excellent exploration projects and development prospects," Lithium Australia managing director Adrian Griffin said in the company's announcement to the Australian Securities Exchange.

"The litigation relating to processing technology is distracting and expensive and although Lithium Australia is confident of a positive outcome, the time and resources currently dedicated to the legal processes would be better employed in advancing our projects and technologies in concert, and for the benefit of the shareholders of both companies.

"It is the synergies in aspirations and assets that make combining the two companies the perfect opportunity for all shareholders.

"The combined entity is likely to be significantly more attractive for investors and financiers as well as a global leader in lithium processing at a time of unprecedented lithium demand."

Lepidico replied via a market announcement of its own, saying it only learned of LIT's intentions through its announcement that morning.

Lepidico said it was ruminating on its response, advising shareholders to Take No Action in relation to

the announcement or any document received from Lithium Australia in relation to the proposed takeover offer until they receive the Directors' formal recommendation.

"Lepidico wishes to clarify a disclosure made in the Announcement and confirms that it is not in negotiations with Lithium Australia to achieve a merger," the company advised.

"The Board of Lepidico will keep shareholders fully informed of further developments as they occur.

'In the meantime, following the excellent results reported from the Phase 1 L-Max Plant PreFeasibility Study over the past months, the company advises that it is continuing with its efforts to fast track and promote the project generally."