LEPIDICO LTD

ACN 008 894 442

INTERIM FINANCIAL REPORT
31 DECEMBER 2022

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Table Of Contents

Corporate Directory

Directors
Gary Johnson (Non-Executive Chair)
Julian (Joe) Walsh (Managing Director)
Mark Rodda (Non-Executive Director)
Cynthia Thomas (Non-Executive Director)

Joint Company Secretaries
Alex Neuling
Shontel Norgate

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ASX Code: LPD, LPDOD, LPDO

Directors' Report

The Directors of Lepidico Ltd ("Directors") present their report on the Consolidated Entity consisting of Lepidico Ltd ("Company" or "Lepidico") and the entities it controlled at the end of, or during, the half year ended 31 December 2022 ("Consolidated Entity" or "Group" or "Economic Entity").

DIRECTORS

The names of the Directors in office and at any time during, or since the end of, the half year are:

Mr Gary Johnson	Non-executive Chairman
Mr Joe Walsh	Managing Director
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director

Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

SUMMARY REVIEW OF OPERATIONS

For the half year ending 31 December 2022 the Group recorded a net profit from operations of $192,916 (31 December 2021: net loss of $3,968,886) and a net cash outflow from operations of $3,854,431 (31 December 2021: net cash outflow $2,391,406).

The net assets of the Group increased to $96,501,126 at 31 December 2022 (30 June 2022: $76,441,558).

PHASE 1 PROJECT DEVELOPMENT

Updated and Improved Phase 1 Economics
Control estimates and schedules for both the Abu Dhabi chemical plant and the Karibib concentrator were announced in November 2022 on completion of Front End Engineering and Design (FEED) works for both plants. These data sets are required to complete lender technical due diligence, which is on the Project finance critical path. As previously noted the environmental and social due diligence are complete.

Phase 1 is based on an integrated mine, concentrator and chemical plant development that collectively has compelling investment fundamentals. The updated capital cost estimate including contingency for the chemical plant is US$203M (million) and for the concentrator US$63M for a combined US$266M, which reflects considerable cost inflation since the previous estimate for the Definitive Feasibility Study (DFS) of May 2020. Importantly, overall Project economics have improved with substantially higher long-term lithium price forecasts of US$22,840/t (Benchmark Mineral Intelligence September 2022) more than offsetting the effects of inflation, and scope changes that reduce operating risk and improve maintainability.

The Base Case unlevered $NPV_{8\%}$ for the Project has increased from US$221M in the DFS to US$530M (A$791M), a rise of 140%. The Internal Rate of Return (IRR) has also increased from 31% in the DFS to 42%.

Chemical Conversion Plant (100%), Abu Dhabi
Chemical plant capacity remains unchanged at 56,700tpa (dry basis) of lithium mica/amblygonite concentrate for production capacity of 5,600tpa of lithium hydroxide. Concentrate feed grade is

predicted to range from 2.5% to 3.9% Li_2O over the project life for average annual lithium hydroxide output of 4,350t. The significant excess process capacity in the impurity removal and lithium recovery circuits in particular provides opportunity for optimisation and higher output once in production. The relatively modest size of Phase 1 for a lithium chemical converter along with its high level of installed capacity are important risk mitigants, as development and operating risks tend to increase exponentially with scale. The overall lithium recovery to lithium hydroxide from concentrate is estimated at 89% versus 90% in the DFS.

The Process Design Criteria (PDC) was finalised for FEED purposes in the June 2022 following an extensive risk review phase. No material amendments to the PDC have been made during the current financial period, with the general design and layout effectively locked down for the detailed design and engineering phase. Minor amendments to the PDC are expected going forward, largely related to the piping and instrumentation design drawings, work on which started in December 2022.

The implementation schedule for the chemical plant has increased versus the DFS largely associated with increased lead times for delivery of major mechanical equipment. Final Stage 4 commissioning on concentrate is forecast for August 2025 based on a Final Investment Decision in the June 2023 quarter.

The enormous oil, gas and petrochemical industries in the UAE are supported by extensive local manufacturing and global sourcing capabilities. Quotations were received for locally sourced equipment and materials from several main contractors that provide services to these industries. This information was incorporated into the chemical plant control estimate. However, subsequent to the control estimate being completed further competitive pricing was received, particularly for locally fabricated equipment which will be incorporated into ongoing development works.

The main contractor tender process started in December 2022 following the commencement of Stage 2 EPCM services.

Karibib Project (80%), Namibia
The concentrator FEED was finalised in June 2022, with the control estimate adjusted for escalation to September 2022 to generally align with the chemical plant.

Few scope changes resulted from the FEED works versus the design contemplated in the DFS, with most of the capital cost increase associated with inflation.

Phase 1 Mineral Resources for the redevelopment of the Rubicon and Helikon 1 deposits remain unchanged from those used in the DFS, however, new Ore Reserves were estimated with all inputs reviewed and revised (see ASX Announcement dated 22 November 2022,). The higher lithium price used of US$17,015/t (BMI March 2022 estimate) more than offset the higher operating costs, which resulted in Ore tonnes increasing to 8.27Mt grading 4.0% Li_2O and the life of mine strip ratio falling to 2.9 to 1, for an operating life of 15 years. The overall recovery of lithium to the lithium concentrate is 75-88% (average 80.1%), at a concentrate grade of 2.5%-3.9% Li_2O depending on the mineralogy and based on test work undertaken in 2022.

The concentrator has been designed to process 333,000tpa (dry basis) of ore for the first four years (“Stage 1”) and 541,000tpa (dry basis) from Year 5 of production (“Stage 2”). Stage 2 requires the addition of a second smaller ball mill, reconfiguration of the flotation circuit and the installation of a second tailings filter. The plant will be debottlenecked in Year 7 to cater for a declining head grade.

Upgraded Mineral Resources have been completed for Helikon 4 and stockpile material with inaugural Ore Reserve estimates at an advanced stage (see Exploration & Resource

Development below). The target is for the Helikon deposits to extend Phase 1 operating life to over 20 years, further enhancing Project economics.

Sustainability

Activities in the financial period centred on the development of numerous Group Standards for adherence to the International Finance Corporation (IFC), World Bank, Development Finance Corporation (DFC) and IRMA standards/requirements. These Standards are required to secure lending from DFC for the Phase 1 development at Karibib.

Lepidico has continued to work closely with the DFC environment and social team to meet its requirements, which include the Environment and Social Action Plan.

Corporate Social Responsibility activities centred on the development of an emergency maternity unit for a local community. Cost estimates for the unit and medical equipment have been reviewed and construction is expected to start by March 2023.

The fire and water trailers acquired for the Karibib Operations continued to provide a valuable service to local farmers to contain seasonal scrub fires.

Product Marketing

During the period the Company appointed Mr David Hall as General Manager Marketing & Investor Relations. David brings a great wealth of experience from his plus 30 years working in product marketing and business management roles within the chemicals and industrial minerals industry and more recently as a listed company executive with responsibility for business development, marketing and investor relations. David has been involved as a marketing consultant to Lepidico since late 2020, responsible for establishing supply agreements for all Phase 1 Project products and working in close collaboration with Traxys Europe S.A. (Traxys) for offtake of lithium hydroxide and caesium.

During the period, the Company continued to work closely with Traxys to place the lithium hydroxide produced from Phase 1 with leading consumers in the electric vehicle supply chain. Inflationary effects on capital and operating costs coupled with volatility in lithium chemical prices necessitated a review of supply terms in November 2022. Lithium supply negotiations resumed in January 2023.

Markets for the “Critical Minerals” caesium and rubidium are opaque with little publicly available data available on supply/demand and pricing. Lepidico remains in confidential offtake discussions with third parties.

Interest in Phase 1 bulk products, amorphous silica and the gypsum rich reside has continued to expand with a Letter of Intent signed with another regional construction materials manufacturer for 100% of both product streams. The full inventory of bulk product samples from the FY2022 pilot trials is being prepared for shipment from Perth to Abu Dhabi to satisfy the interest in material for testing. This further supports Lepidico’s ambition for Phase 1 to be a zero solid process waste facility.

Phase 2 Plant Scoping Study

Proposals have been received for site selection and business incentive assessment services for a Phase 2 chemical plant in the United States. It is planned that work will start in February 2023.

In parallel Lepidico will undertake studies using its internal resources for a Phase 2 development in Namibia and the UAE, with the objective of completing this scoping level work in mid-2023 and allowing a Pre-Feasibility Study to begin.

Two throughput scenarios are envisaged, a sister plant to Phase 1 with nominal output of 5,000tpa lithium hydroxide and a larger 20,000tpa facility. The former is being evaluated based on concentrate feed solely from Karibib, while the larger facility will rely on lithium mica concentrate feed from third party concentrators. To this end, additional sources of concentrate from third-party lithium mica mines continue to be monitored, which could support the development of a global market for lithium mica concentrates; Lepidico's ultimate objective.

EXPLORATION[1]

Karibib Project (80%)

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals that the Namibian properties are prospective for, including lithium, caesium, rubidium, tantalum, gold, copper and tungsten. Work programs span a range of activities, from regional exploration assessing conceptual targets to Mineral Resource development. The near-term objectives of this work is to extend the operating life of the Phase 1 Project to over 20 years, expand the Resource base to support the Phase 2 Scoping Study and evaluate the Karibib licences for their gold potential.

<u>Mineral Resource development</u>

Over the course of 2022 Lepidico completed a series of work programs at the Helikon 4 pegmatite and over surface stockpiles from historical mining at Rubicon to enable the reclassification of Inferred category material as Indicated Mineral Resources. This in turn should allow for the estimation of Ore Reserves and thereby their inclusion in the mine plan. These workstreams are well advanced and on track to be completed by March 2023.

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[1] Compliance Statement

The information in this report that relates to the Rubicon and Helikon 1 Ore Reserve estimates is extracted from an ASX Announcement dated 22 November 2022 ("Phase 1 Economics Updated and improved"). The Ore Reserve estimates were completed by John Wyche of Australian Mine Design and Development Pty Ltd in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Helikon 4 and Rubicon Stockpiles Mineral Resource estimates is extracted from an ASX Announcement dated 30 January 2023 ("Helikon 4 and Rubicon Stockpiles Upgrade to Mineral Resources"). The Mineral Resource estimates were compiled by Matt Bampton of Cube Consulting Pty Ltd in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Helikon 2, Helikon 3 and Helikon 5 Mineral Resource estimates is extracted from an ASX Announcement dated 16 July 2019 ("Drilling starts at the Karibib Lithium Project"). The Mineral Resource estimates were completed by Jeremy Whitley of the MSA Group (Pty) Ltd in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to Exploration Results is based on information compiled by Mr Tom Dukovcic, who is an employee of the Company and a member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the styles of mineralisation and the types of deposit under consideration, and to the activity that has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Dukovcic consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

Previously Reported Results

Reference in this report is made to the Company's ASX announcements dated 28 May 2020 ("Definitive Feasibility Study Delivers Compelling Phase 1 Project Results") and 22 November 2022 ("Phase 1 Economics Updated & Improved"). Other than as disclosed in those announcements, the Company confirms it is not aware of any new information or data that materially affect the information in those announcements.

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Lepidico engaged Cube Consulting Pty Ltd ("Cube") to update the Mineral Resource estimate ("MRE") based on this work at Helikon 4 and at Rubicon. The estimations are reported in accordance with the requirements of the JORC Code (2012) and were completed between October 2022 and December 2022. The Mineral Resource Estimate Report prepared by Cube is dated 31 December 2022 (reported to ASX on 30 January 2023) and is an update to previous MRE work conducted in 2018 by the MSA Group of South Africa (Helikon 4) and in 2021 by Resource Evaluation Services (Rubicon stockpiles).

Helikon deposits

Geological interpretation of the Helikon 4 deposit differentiated the pegmatite into a central but often poorly developed, thin quartz core component, generally surrounded by a lepidolite-rich zone. The Helikon 4 deposit is open down dip along most of its strike length, which is planned to be drilled tested in the March 2023 quarter.

Resource interpretation for Helikon 4 is based on a total of 66 drill holes for 6,962m of combined reverse circulation ("RC") and diamond core drilling. Work completed by Lepidico consists of 37 RC holes (including 6 with NQ diamond tails) for 3,096m of infill and extensional drilling.

Drill hole spacing is irregular due to constraints caused by topography and the presence of an historical pit. Section lines are generally spaced 15 m to 30 m apart, with most holes drilled from the southern hanging-wall side and intersect the steep to moderately dipping pegmatite at a reasonable angle. For the 2017 and 2018 drilling downhole surveys were taken every 50 m for the deeper holes. The RC holes and diamond tails from 2022 were not surveyed.

Rubicon stockpiles

The surface stockpiles at Rubicon comprise numerous residual dumps from historical mining (mainly petalite) situated at or near the historical Rubicon mine. A prior owner attempted to beneficiate some of the dumps with an X-ray sorter in an attempt to produce higher-grade material for direct shipping export. Consequently, the Rubicon stockpiles comprise four distinct material types, namely:

i) Unsorted in-situ historical dumps;
ii) Screened undersize material (<60 mm);
iii) Sorted (>60 mm) 'product' (upgraded lepidolite-rich); and
iv) Sorted (>60 mm) 'waste' (residue from 'product' production)

The in-situ historical dumps were not evaluated as part of this exercise as the extreme variation in particle size precludes requisite confidence to classify this material in the Indicated category.

The results of the sampling exercise, including the application of better topographic controls on the stockpile volumes, significant density sampling, and comparisons with the assay results from previous programs, were considered sufficiently robust to reclassify these dumps (and by corollary some associated small Product Stockpiles) to Indicated Resources.

Regional Exploration and Scout Drilling

Two priority Lithium-Caesium-Tantalum (LCT) pegmatite targets were identified during the period within EPL5439. The most encouraging includes lepidolite in outcrop and some old mine workings that are assumed to be for petalite. An associated rubidium anomaly in soils has been identified over approximately 1km of strike. Assays from filed samples are pending.

Soil sampling at the second LCT target has identified a high tenor rubidium-caesium anomaly (+300ppm Rb in soils) adjacent to a pegmatitic granite that is not identified as mineralised.

Assays are also pending for samples taken from two gold targets.

CORPORATE

As at 31 December 2022, Lepidico had cash and cash equivalents of $17.1 million.

COVID-19
The health, safety and wellbeing of our people, staff and contractors remain of paramount importance. All active staff in Australia, Canada, Namibia and the UK are fully immunised against COVID-19. Flexibility to work from home and adherence to local safety protocols remain in place in the jurisdictions in which we operate.

Entitlement Offer

The Renounceable Entitlements Offer announced on 10 October 2022 (the "Offer") was well supported by the Company's eligible directors, shareholders and new investors and closed significantly oversubscribed.

The Offer raised $11.7 million (before costs) and the Company issued 650,719,123 new shares and 325,359,562 new options on 4 November 2022. The new options are listed under the ASX code LPDO.

High demand, particularly from new institutional and professional investors resulted in subscriptions being substantially scaled back and the Company placing a further 404,835,867 fully paid ordinary shares at $0.018 with 202,418,533 attaching options to raise an additional $7,287,046 ("Placement") for a total amount raised of $19.0 million. The Company issued the additional shares and options under its existing Listing Rule 7.1 and 7.1A capacity.

Proceeds from the Offer were deployed to complete both Phase 1 chemical plant FEED and lender due diligence, and to start critical path Stage 2 EPCM works for both the concentrator and chemical plant. Funds from the Placement are intended to be used to fast-track detailed design and engineering and other critical path works for the Phase 1 chemical plant in Abu Dhabi with the objective of tightening up the implementation schedule. Placement funds will also be used for growth initiatives including expanding the Mineral Resource base at Karibib to support the Phase 2 Project scoping study.

Mahe Capital acted as Lead Manager and Underwriter.

Utilisation of Controlled Placement Agreement

On 10 October 2022, the Company successfully raised A$600,000 (after costs) through the set-off of 23,100,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) – see announcements on 23 December 2019, 19 April 2021 and 27 January 2022. The Set-Off Shares reduces the total collateral shares to 72,900,000 which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. The Set-Off Shares have a deemed price of $0.026.

Options

On 11 October 2022, 75,000,0000 unlisted options were exercised with a strike price of $0.016 raising $1,200,000 in additional capital.

On 28 November 2022, 109,500,000 unlisted options with an exercise price of $0.026 expiring on 28 November 2025 were issued under the Company's employee incentive scheme.

Project Finance

The Independent Engineer (IE) appointed by DFC finalised during the quarter the technical due diligence reports on the pilot plant trials undertaken earlier in the year. In early December the IE was also provided, for its review, with the Phase 1 control estimates and schedules from EPCM Stage 1 works, as well as the associated updated economic model. The IE has completed its report on the control estimates, advising that the contingencies adopted are within the expected range. The IE review of the economic model is close to completion, at 31 December 2022. Once this review is finalised the technical due diligence scope of work will be concluded.

During the quarter DFC selected its preferred legal counsel, subsequently appointed by Lepidico, to undertake legal due diligence associated with the integrated Phase 1 Project, which started in January 2023.

In parallel, debt advisor Lion's Head Global Partners is advancing discussions with other Development Finance Institutions, commercial lenders and export credit agencies for debt finance for the chemical plant development in Abu Dhabi, with credit approvals expected to be sought by lenders from later in the March 2023 quarter.

Strategic equity options are also being advanced that collectively, along with debt are intended to provide full funding for Phase 1.

Patents & Licences

At 31 December 2022, the Company held granted patents for its L-Max® technology in the United States, Europe, Japan and Australia, along with an Innovation Patent in Australia. National phase patent applications are well advanced in the other key jurisdictions, with these processes expected to be granted in 2023. The Company also has patents granted for its process technology for lithium recovery from phosphate minerals (amblygonite) from the United States, Japan, Australia and Europe.

The national and regional phase of the patent application process is progressing for LOH-Max® under PCT/AU2020/050090. The S-Max® Australian patent applications are progressing under 2019262080 and 2019262079.

On 1 April 2022, the Company progressed with an international application under the Patent Cooperation Treaty (PCT) and was allotted the number PCT/AU2022/050297 for the lithium carbonate recovery process from a raw lithium hydroxide material.

On 27 September 2022, the International PCT application was filed for the preparation of Cs-Rb-K alkali salt solutions from lithium mica mineral source material and allotted the number PCT/AU2022/051154. The refining process has application in tailoring ternary materials for industrial catalyst applications and the patent process is expected to continue into 2023.

During the period, the Company ceased its patent application process for the production of alkali metal brines and other formates from an alum-intermediate.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001(Cth)* for the half year ended 31 December 2022 is included on page 12 of the Financial Report.

This report is made in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Joe Walsh
Managing Director

Dated this 20th day of February 2023

MOORE

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LEPIDICO LIMITED

As lead auditor for the review of Lepidico Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 20th day of February 2023

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2022

	Note	31 December 2022 $	31 December 2021 $
Revenue	2	-	-
Other income	2	6,825,506	44,513
		6,825,506	44,513
Business development expenses		(478,793)	(248,236)
Administrative expenses	3	(1,381,730)	(953,062)
Employee benefits expense		(1,577,819)	(799,096)
Finance costs		(313,158)	(125,492)
Depreciation		(282,681)	(176,943)
Share based payments		(766,500)	(1,822,500)
R&D costs written off		(56,901)	-
Profit/(Loss) before income tax		1,967,924	(4,080,816)
Income tax benefit/(expense)	4	(1,775,008)	111,930
Profit/(Loss) from continuing operations		192,916	(3,968,886)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(408,031)	15,158
Total comprehensive profit/(loss) for the half year		**(215,115)**	**(3,953,728)**
Comprehensive profit/(loss) for the half year attributable to:			
Owners of the parent		(1,384,321)	(3,879,421)
Non-Controlling Interest		1,169,206	(74,307)
		(215,115)	(3,953,728)
Profit/(Loss) per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted profit/(loss) per share		0.00003	(0.0006)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
For the half year ended 31 December 2022

	Note	31 December 2022 $	30 June 2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		17,050,515	8,042,822
Trade and other receivables		2,510,940	2,204,232
TOTAL CURRENT ASSETS		19,561,455	10,247,054
NON-CURRENT ASSETS			
Trade and other receivables		664,499	632,379
Property, plant and equipment	5	13,169,961	8,590,777
Exploration and evaluation expenditure	6	47,770,762	46,763,770
Intangible asset	7	29,777,323	29,065,361
TOTAL NON-CURRENT ASSETS		91,382,545	85,052,287
TOTAL ASSETS		110,944,000	95,299,341
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,729,998	1,986,170
Provisions	8	216,925	157,698
Lease Liabilities	10	565,588	279,751
Deferred Revenue	9	-	6,613,159
TOTAL CURRENT LIABILITIES		2,512,511	9,036,778
NON-CURRENT LIABILITIES			
Provisions	8	744,454	691,969
Lease Liabilities	10	6,814,441	6,744,318
Deferred Tax Liability	4	4,371,468	2,384,718
TOTAL NON-CURRENT LIABILITIES		11,930,363	9,821,005
TOTAL LIABILITIES		14,442,874	18,857,783
NET ASSETS		**96,501,126**	**76,441,558**
EQUITY			
Issued capital		122,247,289	102,655,726
Reserves		8,319,804	8,044,715
Equity component of convertible note		990,000	990,000
Accumulated losses		(42,629,562)	(41,653,272)
Equity Attributable to owners of the Parent		88,927,531	70,037,169
Non-controlling interests		7,573,595	6,404,389
TOTAL SHAREHOLDERS EQUITY		**96,501,126**	**76,441,558**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the half year ended 31 December 2022

	Attributable to the owners of the Company								
		Reserves							
	Issued Capital	Options	Warrants	Foreign Currency	Equity component of convertible note	Accumulated Losses	Total	Non Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2021	94,656,278	5,345,140	415,135	850,668	990,000	(33,943,508)	68,313,713	6,635,965	**74,949,678**
Profit/(Loss) for the period	-	-	-	-	-	(3,894,579)	(3,894,579)	(74,307)	**(3,968,886)**
Other comprehensive profit/(loss) for the period	-	-	-	15,158	-	-	15,158	-	**15,158**
Options issued during the period	-	1,822,500	-	-	-	-	1,822,500	-	**1,822,500**
Options exercised during the period	1,779,870	-	-	-	-	-	1,779,870	-	**1,779,870**
FV of options exercised	520,000	(520,000)	-	-	-	-	-	-	**-**
Balance at 31 December 2021	**96,956,148**	**6,647,640**	**415,135**	**865,826**	**990,000**	**(37,838,087)**	**68,036,662**	**6,561,658**	**74,598,320**
Balance at 1 July 2022	102,655,726	6,619,847	415,135	1,009,733	990,000	(41,653,272)	70,037,169	6,404,389	76,441,558
Profit/(Loss) for the period	-	-	-	-	-	(976,290)	(976,290)	1,169,206	192,916
Other comprehensive profit/(loss) for the period	-	-	-	(408,031)	-	-	(408,031)	-	(408,031)
Shares issued during the period	18,307,021	-	-	-	-	-	18,307,021	-	18,307,021
Options issued during the period	-	766,500	-	-	-	-	766,500	-	766,500
Options exercised during the period	1,201,162	-	-	-	-	-	1,201,162	-	1,201,162
FV of options exercised	83,380	(83,380)	-	-	-	-	-	-	-
Balance at 31 December 2022	**122,247,289**	**7,302,967**	**415,135**	**601,702**	**990,000**	**(42,629,562)**	**88,927,531**	**7,573,595**	**96,501,126**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the half year ended 31 December 2022

	31 December 2022 $	31 December 2021 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	76,388	150
Payments to suppliers and employees	(3,930,819)	(2,391,556)
Net cash from/(used in) operating activities	(3,854,431)	(2,391,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation activities	(2,416,904)	(1,258,850)
Payments for research and development activities	(4,350,030)	(2,354,354)
Proceeds from research and development tax credit	26,467	-
Payments for property, plant and equipment	(47,440)	(80,691)
Proceeds from property, plant and equipment	-	6,621
Net cash from/(used in) investing activities	6,787,907	(3,687,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of options	19,600,000	-
Payments related to issue of shares	(1,259,182)	(19,305)
Proceeds from exercise of options	1,201,162	1,785,623
Net cash provided by/(used in) financing activities	19,541,980	1,766,318
Net increase/(decrease) in cash held	8,899,642	(4,312,362)
Cash at beginning of financial year	8,042,822	14,738,020
Effect of foreign exchange rate changes	108,051	(9,217)
Cash at end of financial period	**17,050,515**	**10,416,441**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half year ended 31 December 2022

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Lepidico Ltd and its controlled entities. Lepidico Ltd is a listed public company, incorporated and domiciled in Australia. The financial report of the Group complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

Note 1(a) Basis of Preparation

This general purpose interim financial report for the half year reporting period ended 31 December 2022 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Consolidated Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group and does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These financial statements were authorised for issue on 20 February 2023.

The accounting policies and methods of computation applied are the same as those applied by Lepidico Ltd in its annual report for the year ended 30 June 2022.

Note 1(b) New and Amended Standards Adopted by the Group

None noted.

Note 1(c) Impact of Standards Issued but Not Yet Applied by the Group

None noted.

Note 1(d) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. 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. Further, the consequences of the COVID-19 pandemic have negatively impacted the global economy and created volatile maket dynamics.

The Group incurred a net profit from operations of $192,916 for the half year to 31 December 2022 and had a net cash outflow from operations of $3,854,431 for the period. As at 31 December 2022, the Company had net current assets of $17,048,944.

The financial report has been prepared on a going concern basis which the Directors consider to be appropriate as they believe that the Group will be able to raise additional capital as required based on existing standby equity raising facilities in place and the successful outcome of the recent Entitlement Offer. There remains ongoing interest in the Company and the long term outlook for the lithium industry remains robust.

While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. The Company's opinion concerning its ability to secure future financing options is based on currently available information. To the extent that this information proves to be inaccurate the future availability of financing may be adversely affected.

Note 2: Revenue

	31 December 2022 $	31 December 2021 $
Revenue	-	-
Other Income		
Interest	76,388	150
Deferred revenue recognised on termination	6,447,728	-
Realised FX gain	301,390	44,363
Other Income	**6,825,506**	**44,513**
Total Revenue	**6,825,506**	**44,513**

Note 3: Administrative Expenses

	31 December 2022 $	31 December 2021 $
Office & general	339,882	203,499
Professional services	499,257	368,640
Compliance related	347,321	343,923
Travel	195,270	37,000
Total Administrative Expenses	**1,381,730**	**953,062**

Note 4: Income Tax Expense

		31 December 2022 $	31 December 2021 $
(a)	The components of tax benefit/(expense) comprise:		
	Current tax	-	-
	Deferred tax	(1,775,008)	111,930
	Income tax benefit/(expense) reported in statement of comprehensive income	(1,775,008)	111,930
(b)	Movement recognised in equity:		
	Foreign exchange movement recognised in equity	(211,741)	471,874

Note 4: Income Tax Expense (continued)

		31 December 2022 $	31 December 2021 $
(c)	The prima facie tax benefit/(expense) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax benefit/(expense) on profit/(loss) from ordinary activities before income tax at 30% (2021:30%)	(590,377)	1,224,245
	Adjust for tax effect of:		
	- Share based payments	(229,950)	(101,250)
	- Foreign expenditure	-	(32,871)
	Permanent impact of R&D claims	(419,745)	-
	- Deferred tax balances not recognised	(244,376)	731,969
	- Foreign tax rate differential	(118,831)	30,244
	- Other non-allowable items	(171,729)	43,680
	Income tax benefit/(expense) reported in statement of comprehensive income	(1,775,008)	111,930
(d)	Deferred tax recognised:		
	Deferred Tax Liabilities:		
	Karibib assets	(4,371,468)	(2,627,265)
	Exploration expenditure	(4,245)	(4,245)
	L-Max® Technology	(718,190)	(356,263)
	L-Max® Pilot Plant	(727,097)	(954,997)
	Other	(42,490)	(40,860)
	Deferred Tax Assets:		
	Carry forward revenue losses	1,492,022	1,356,365
	Net deferred tax	(4,371,468)	(2,627,265)
(e)	Unrecognised deferred tax assets:		
	Carry forward revenue losses	11,491,504	10,146,404
	Carry forward capital losses	-	-
	Capital raising and other costs	158,524	206,666
	L-Max Licence	21,836	21,826
	Bright Minz	2,520	2,520
	Finance costs	81,122	-
	Provision and accruals	28,823	23,974
		11,784,329	10,401,390

Note 4: Income Tax Expense (continued)

(f) Tax consolidation:

Lepidico Ltd and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2014. Lepidico Ltd is the head entity of the tax consolidated group.

The tax benefits of the above Deferred Tax Assets will only be obtained if:

a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b) the Company continues to comply with the conditions for deductibility imposed by law; and
c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 5: Property, Plant and Equipment

	Buildings & Infrastructure $	Furniture, Fittings & Equipment $	Motor Vehicles $	Assets under Construction $	Right of Use Asset $	Total $
Cost						
At 1 July 2021	1,741,511	333,986	215,359	2,392,807	-	4,683,663
Additions	19,586	75,293	3,707	-	6,835,463	6,934,049
Disposals	-	(84,048)	(25,536)	(2,392,807)	-	(2,502,391)
Impact of foreign exchange	-	(17,844)	(12,176)	-	446,000	415,980
At 30 June 2022	1,761,097	307,387	181,354	-	7,281,463	9,531,301
Additions	13,361	34,080	-	4,717,169	-	4,764,610
Disposals	-	-	-	-	-	-
Impact of foreign exchange	(662)	97,194	99,399	-	77,869	273,800
At 31 December 2022	**1,773,796**	**438,661**	**280,753**	**4,717,169**	**7,359,332**	**14,569,711**
Accumulated Depreciation						
At 1 July 2021	289,830	189,917	142,028	2,392,807	-	3,014,582
Depreciation	147,503	41,869	23,301	-	198,540	411,213
Disposals	-	(43,688)	(25,537)	(2,392,807)	-	(2,462,032)
Impact of foreign exchange	(20,400)	(6,606)	(6,626)	-	10,393	(23,239)
At 30 June 2022	416,933	181,492	133,166	-	208,933	940,524
Depreciation	108,018	23,313	403	-	150,947	282,681
Disposals	-	-	-	-	-	-
Impact of foreign exchange	(14,162)	96,092	95,025	-	(410)	176,545
At 31 December 2022	**510,789**	**300,897**	**228,594**	**-**	**359,470**	**1,399,750**
Net Book Value						
At 30 June 2022	1,344,164	125,895	48,188	-	7,072,530	8,590,777
At 31 December 2022	**1,263,007**	**137,764**	**52,159**	**4,717,169**	**6,999,862**	**13,169,961**

Note 6: Exploration and Evaluation Expenditure

	31 December 2022 $	30 June 2022 $
Exploration expenditure	47,770,762	46,763,770

The recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective mining permits. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production. The impairment of exploration expenditure represents projects that the company is no longer pursuing.

Reconciliation of movements during the period:	6 months ended 31 December 2022 $	12 months ended 30 June 2022 $
Balance at the beginning of period	46,763,770	43,986,682
Exploration and evaluation costs capitalised	1,204,702	3,359,636
Exploration and evaluation costs written off	-	(452,275)
Impact of foreign exchange	(197,710)	(130,273)
Balance at the end of the period	**47,770,762**	**46,763,770**

Note 7: Intangible asset

	31 December 2022 $	30 June 2022 $
L-Max® Technology	29,095,373	28,413,680
S-Max® Technology	149,017	149,017
LOH-Max® Technology	532,933	502,664
Balance at the end of the period	29,777,323	29,065,361

The recoverability of the carrying amounts of the L-Max® , S-Max® and LOH-Max® Technology is dependent on either its successful development and commercial exploitation or the sale of the assets.

Capitalised development costs will be amortised over their expected useful life of the intangible asset once full commercialisation or production commences.

Note 7: Intangible asset (continued)

Reconciliation of movements during the period:	6 months ended 31 December 2022 $	12 months ended 30 June 2022 $
Balance at the beginning of period	29,065,361	24,631,056
Development costs capitalised	766,958	5,937,619
Research and Development Tax Credit received/receivable	-	(1,503,314)
Research and developments costs written off	(54,996)	-
Balance at the end of the period	**29,777,323**	**29,065,361**

Note 8: Provisions

	31 December 2022 $	30 June 2022 $
Current		
Employee provisions	216,925	157,698
Total Current Provisions	**216,925**	**157,698**
Non-Current		
Employee provisions	39,481	20,999
Make good provision (KIZAD)	704,973	670,970
Total Non-Current Provisions	**744,454**	**691,969**
Total Provisions	**961,898**	**849,667**

Reconciliation of movements during the period:	Make Good $	Employee $
Balance at 1 July 2021	-	140,105
Additional proivisions	596,030	125,217
Provisions used	-	(90,878)
Unwinding of discount	34,268	-
Impact of foreign exchange	40,672	4,253
Balance at 30 June 2022	670,970	178,697
Additional provisions	-	167,603
Provisions used	-	(83,347)
Unwinding of discount	27,306	-
Impact of foreign exchange	6,697	(6,547)
Balance at the end of the period	**704,973**	**256,406**

Note 9: Deferred Revenue

Deferred revenue of $6,447,729 (US$4,558,272) represented a payment from Jiangxi Jinhui Lithium Co Ltd ("Jinhui") – a private Chinese corporation – under an offtake agreement dated 6 November 2017 and subsequently amended on 13 February 2018 (the Jinhui Lithium Offtake Agreement) which provided for the purchase by Jinhui of beneficiated surface stockpile material from the Karibib project in Namibia.

The payment was classified as deferred revenue and was expected to amortise against any future shipments of the stockpile material. The Agreement does not contain any specific provisions regarding repayment of unamortised amounts.

On 16 November 2022, the Jinhui Lithium Offtake Agreement expired, and the Company recognised the outstanding balance as revenue in the current period.

Refer Note 14 Contingent Liabilities.

Reconciliation of movements during the period:	6 months ended 31 December 2022 $	12 months ended 30 June 2022 $
Balance at the beginning of period	6,613,159	6,071,577
Impact of foreign exchange	(165,430)	541,582
Revenue recognised on termination of Agreement	(6,447,729)	-
Balance at the end of the period	**-**	**6,613,159**

Note 10: Lease Liability

	31 December 2022 $	30 June 2022 $
Current		
Lease Liability	565,588	279,751
Total Current Lease Liability	**565,588**	**279,751**
Non-Current		
Lease Liability	6,814,441	6,744,318
Total Non-Current Lease Liability	**6,814,441**	**6,744,318**
Total Lease Liability	**7,380,029**	**7,024,069**

The lease liability relates to the Musataha lease agreement with Abu Dhabi Ports excuted on 11 October 2021 which secures the 57,000m^2 site for the Phase 1 chemical plant for an initial term of 25 years.

Note 10: Lease Liability (continued)

Reconciliation of movements during the period:	6 months ended 31 December 2022 $	12 months ended 30 June 2022 $
Balance at the beginning of period	7,024,069	-
Additions	-	6,239,562
Interest expense	285,852	358,735
Impact of foreign exchange	70,108	425,772
Balance at the end of the period	**7,380,029**	**7,024,069**

Note 11: Share Based Payments

During the period the Company made the following share based payments:

Related Party Options
On 28 November 2022, the Company issued a total of 109,500,000 options to directors, employees and consultants under the Company's Share Option Plan. The option exercise price was set at $0.026 per share, being approximately a 50% premium to the closing price on the day immediately preceding the issue.

Note 12: Segment reporting

Reportable Segments
The Group operates two reportable segments, being mineral exploration and development of its technologies that includes L-Max® , LOH-Max® and S-Max®, which reflects the structure used by the Group's management to assess the performance of the Group.

	Mineral Exploration $	Technology $	Phase 1 Assets under Development $	Corporate & Unallocated items $	Total $
(i) Segment performance for the Half year ended:					
31 December 2022					
Revenue	6,749,119	-	-	76,387	6,825,506
Total Profit/(Loss) before tax	6,316,027	(988,956)	-	(3,359,147)	1,967,924
31 December 2021					
Revenue	6,621	-	-	37,892	44,513
Total Profit/(Loss) before tax	(104,308)	(510,683)	-	(3,465,825)	(4,080,816)
(ii) Segment assets					
As at 31 December 2022	49,698,863	38,824,270	4,717,169	17,703,698	110,944,000
As at 30 June 2022	48,566,532	38,201,079	-	8,531,730	95,299,341

Note 12: Segment reporting (continued)

Geographical Information

	Australia $	Africa $	Canada $	UAE $	Europe $	Total $
(i) Segment performance for the Half year ended:						
31 December 2022						
Revenue	76,352	6,749,154	-	-	-	6,825,506
Total Profit/(Loss) before tax	(2,303,196)	6,119,551	(636,037)	(1,005,358)	(207,036)	1,967,924
31 December 2021						
Revenue	43	6,621	37,849	-	-	44,513
Total Profit/(Loss) before tax	(2,786,974)	(252,938)	(377,749)	(261,381)	(401,774)	(4,080,816)
(ii) Segment assets						
As at 31 December 2022	48,023,676	50,730,848	175,120	12,014,356	-	110,944,000
As at 30 June 2022	38,386,375	48,999,256	240,306	7,660,452	12,952	95,299,341

Note 13: Commitments

Exploration lease commitments

The Group must meet the following tenement expenditure commitments to maintain them in good standing until they are farmed out, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of.

These commitments, net of farm outs, are not provided for in the financial statements and are:

	31 December 2022 $	30 June 2022 $
Not later than one year	953,436	931,718
After one year but less than five years	3,095,308	3,468,744
	4,048,744	4,400,462

Note 14: Contingent Liabilities and Contingent Assets

On 16 November 2022, the Jinhui Lithium Offtake Agreement expired. The Agreement does not contain any specific provisions regarding repayment of unamortised amounts. As a result, the Company recognised the outstanding balance of US$4,558,272 as revenue in the current period.

The Company has engaged with Jinhui to determine a mutually beneficial commercial arrangement to deliver concentrate from the stockpile material, with discussions ongoing.

Note 15: Subsequent Events

(i) Office Leases

Effective 1 January 2023 the Group entered into short term leases for offices in Australia, Canada and Namibia which will be recognised as operating expenses on a straight-line basis over the term of the leases.

(ii) R&D Tax Credit

Subsequent to the period end, the Company received $2.1 million under the Australian R&D tax rebate scheme.

Directors' Declaration

In accordance with a resolution of the directors of Lepidico Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 27 are in accordance with the Corporations Act 2001, including:
   a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Joe Walsh
Managing Director

Dated this 20th day of February 2023

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LEPIDICO LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lepidico Limited (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF LEPIDICO LTD (CONTINUED)

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

i. giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and

ii. complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth on this 20th day of February 2023