ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 30 June 2023

(All figures are unaudited and in A$ unless stated otherwise)

Key Points

Development

- Detailed design and engineering for the Abu Dhabi chemical plant sufficiently developed to allow orders to be placed with major mechanical equipment vendors, which represents the critical path
- Karibib concentrator detailed design and engineering is at a similar stage of development, with orders for the ball mill and other mechanical equipment forming the near-term critical path
- EPCM contracts for the chemical plant and concentrator remain under suspension pending project finance being secured
- Detailed Planning Approval granted for the chemical plant; an important milestone for the project that allows certain site works to commence and approval application submissions to other regulators
- Collaboration with a leading equipment vendor to evaluate the manufacture of crystallizers in Abu Dhabi to reduce delivery time and cost and provide an alternative fabrication jurisdiction
- Marketing of previously beneficiated lepidolite stockpiles at Rubicon started in May, with the objective of securing early cashflow to augment Karibib development capital
- Land access agreement executed in July that will allow drilling of lepidolite-bearing pegmatites discovered in old petalite workings and outcrop within EPL5439; these are high-priority targets
- Phase 2 chemical plant: seven prospective U.S. sites shortlisted for further evaluation to select a preferred site this quarter; in-house assessments continue for Namibia and UAE locations

Products & Marketing

- Lithium hydroxide supply negotiations broadened, with Electric Vehicle manufacturers joining the process to commit Phase 1 product under the binding agreement with Traxys
- All forecast annual caesium chemical production from Phase 1 is now under either a letter of intent or has key terms agreed and/or a supply agreement being drafted
- Encouraging third-party test work indicates a possible new application for rubidium

Corporate and Finance

- Cash and equivalents at 30 June 2023 of $10.8 million
- Independent Engineer (IE) updated summary report finalised and submitted to Development Finance Corp. (DFC), which concludes the IE's scope of work
- Abu Dhabi state-owned organisation collaboration in chemical plant development in due diligence; DFC legal due diligence can resume once the chemical plant ownership structure is agreed

OVERVIEW & OUTLOOK

Lepidico continues to have a zero-harm track record since health and safety incident reporting began in September 2016, while no environmental incidents were reported in the quarter.

As foreshadowed last quarter, Stage 2 implementation work, which started in December 2022 continued under the Engineering Procurement & Construction Management (EPCM) contract for the Abu Dhabi chemical conversion plant wound down in May pending Project funding being secured. Stage 2 concentrator activities, which are not on the critical path for the integrated project, will resume once the development schedule is aligned with that of the downstream chemical plant.

Volatility in spot Chinese lithium prices continued with a dramatic rebound in May-June, which followed five months of declines from the record highs posted in November 2022. Commentators are generally flagging a more stable price environment for the balance of 2023. Recently, Benchmark Mineral Intelligence (BMI) advised that "1H of 2023 was characterized by lower-than-expected NEV [New Energy Vehicles] production in China, while 2H production is expected to be seasonally higher. Lithium is undersupplied in 2023, despite soft prices in H1. Prices are expected to climb in 2H 2023 but will not reach all-time highs. The market is set to balance in 2024-2026 but will enter a period of undersupply from 2027. Volatile lithium prices will remain a characteristic of the market for the foreseeable future." Further, Jefferies recently commented on EV sales, "We hear concerns about EV demand slowing, but our data shows penetration growth has returned to trend with US/Europe/China EV sales growing +35% y/y in June [2023] (+40% YTD)."

A substantial body of information has been published over the first half of 2023 on the mining and processing of lithium mica mineralisations in China. The term lepidolite tends to be used loosely within the industry, often refering to other lithium mica minerals, such as zinnwaldite, polylithionite and lithium muscovite, with much of the lepidolite now depleted. Fastmarkets visited the lepidolite processing hub in Yichun, in March 2023 and subsequently advised that in 2022 Chinese lepidolite accounted for 12.2% (c. 90kt) of global lithium chemical production. As such, lithium micas are now an established mainstream source of lithium. Further, lepidolite represents 44% of Chinese domestically sourced lithium, versus 45% from brine and just 11% from spodumene.

Meanwhile, "Benchmark expects 57kt LCE of supply from locally derived mica-supply in Jiangxi in 2023, representing just 22% capacity utilization (~255kt LCE of conversion capacity exists in 2023). By 2033, ~150kt LCE [from] mica is set to be produced; a further 380kt LCE of conversion capacity is planned or in construction, meaning feedstock will continue to be the bottleneck in Jiangxi."

Mined grades for lithium mica have been in decline with 0.25% Li_2O and lower being quoted for a number of new operations. This has also impacted concentrate grades, with Shanghai Metals Market (SMM) quoting prices for two specifications 1.5-2.0% and 2.0-2.5%.

Lithium mica processing in China generally employs a caustic roast at 800-1,000°C with fluorine removal and water leaching to extract lithium, according to Dorfner Anzaplan GmbH. This process is energy-intensive, generates substantial quantities of solid process waste and also has an effluent stream where any heavy metals present tend to be concentrated. There have been multiple incidents of operations in Yichun being shut down by the authorities due to heavy metal contamination in local rivers. Recovery of lithium from rotary kiln operations is also modest at c. 75%. Fastmarkets advises that the Yichun lepidolite processors are kept profitable as there is a "pricing adjustment mechanism [as] the government supports lepidolite producers when prices fall." Without subsidies integrated producer All in Sustaining Costs (AISC) are estimated at US$25,000/t LCE while non-integrated producers had an AISC estimated at US$55,000/t LCE with no subsidy at the peak of the last price cycle in November 2022.

Lepidico provides a far more sustainable alternative to roasting for converting lithium mica minerals.

- L-Max and LOH-Max are hydrometallurgical processes that convert lepidolite concentrates to lithium hydroxide with no solid process waste generated, no effluent and no sodium sulphate. By-product revenues can be realised from caesium, rubidium, SOP, amorphous silica and a gypsum-rich residue. Energy intensity and greenhouse gas emissions are both relatively low.

- Phase 1 in Abu Dhabi has been de-risked by 4 pilot trials – each plant being progressively larger scale than the prior facility – and an exhaustive risk-based process design review during Front End Engineering & Design (FEED) that was completed in November 2022. Phase 1 is now ready to transition to construction on securing finance.

DEVELOPMENT

Chemical Conversion Plant (100%), Abu Dhabi

Stage 2 EPCM works, which commenced in December 2022 following the completion of FEED were advanced, by the end of April 2023, to the point where significant financial commitments were required for the major mechanical equipment. As foreshadowed last quarter, chemical plant EPCM activities were suspended in May and are planned to resume once full development funding is secured.

Detailed Planning Approval has been granted to Lepidico Chemicals Manufacturing Ltd (Lepidico Ltd's UAE entity) by Abu Dhabi Ports Group (ADP) for the Phase 1 lithium chemical plant in the UAE. This approval now allows building permit applications to be made. Detailed design for non-process infrastructure has been completed and is ready for inclusion in the first building permit application. Process plant detailed design will be staged as major mechanical equipment vendors complete their respective workstreams once finance is in place, allowing the remaining building permit applications to be made.

Detailed Planning Approval also allows an application to be made to Abu Dhabi Civil Defence Authority for chemical plant safety and security systems, most notably fire protection, firefighting equipment, devices and materials.

A collaboration started in June with the preferred crystalliser supplier to evaluate the manufacture in Abu Dhabi of the five units required for Phase 1. Crystalliser fabrication is currently highly concentrated in China. However, the UAE is seen as an attractive alternate location for affordable manufacture with shorter delivery times and lower logistics costs, including for delivery into Europe.

By way of background, the Phase 1 chemical conversion plant is largely permitted with the key environmental approval to construct granted. The Musataha land lease agreement was signed in October 2021 with Abu Dhabi Ports (ADP). The Musataha secures the 57,000m^2 site for the chemical plant for an initial term of 25 years. And now, Detailed Planning Approval has been secured.

The plant site is located within the Khalifa Economic Industrial Zone Abu Dhabi (KEZAD), a major industrial free zone, which allows full foreign business ownership as well as tax exemptions on imports and exports. Under the Musataha Agreement, the off-site infrastructure is being delivered by ADP (the parent company of KEZAD) to the site boundary, which includes natural gas, 11kV power, potable water, sewer services, access roads and drainage. Khalifa Port, the deep-water container terminal where concentrate from Walvis Bay, Namibia will be imported is just 15km by road from the plant site.

Chemical plant capacity is 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 – which compares favourably with market quoted lepidolite concentrate grades in China (see Page 2) – for average annual lithium hydroxide output of 4,350/t. The significant excess process capacity provides the 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.

Phase 1 represents a unique opportunity globally for the sustainable production of lithium, caesium and rubidium, all three of which are on the U.S. Government's list of Critical Minerals, making Lepidico's technologies and the Phase 1 chemical plant of strategic significance. Furthermore, the process is designed to manufacture three bulk by-products, silica, SOP and gypsum-rich residue for which there are local markets in the UAE, making the chemical plant a zero solid process waste facility.

Karibib Project (80%), Namibia

FEED works for the Karibib mineral concentrator were completed in 2022. Subsequently detailed design and engineering were advanced to the stage where placing orders for long-lead mechanical equipment came onto the development critical path. EPCM activities will resume once project finance is secured.

Geotechnical assessment of the Helikon 4 open pit north wall started in the June quarter, with the objective of maximising the wall angle due to its proximity to the Mining Licence boundary and reducing the strip ratio. This work is planned to complete in the current quarter. A final pit design will be undertaken once all Mineral Resource development work is completed at Helikon 3-4.

A commodity trading company was appointed early in the quarter to arrange the sale and export of the previously processed and beneficiated stockpiles at Rubicon. A shipment of this material was exported in 2018. These stockpiles were brought into Probable Ore Reserves in February 2023, which provided an improved understanding of their tonnage, grade and associated economics. A logistics study has been completed for the transfer of stockpile material to the port at Walvis Bay.

As previously advised, Karibib is fully permitted for the re-development of two open pit mines at Rubicon and Helikon 1, which will feed lithium mica ore to a central mineral concentrator that employs conventional flotation technology. Awarded Project permits include the Mining Licence (ML204), water extraction permit, Environmental Compliance Certificate (ECC), Accessory Works Permit and a separate ECC awarded for the overhead power transmission line.

The open pit mines at Rubicon and Helikon 1 along with associated haul road and water infrastructure are already established, with minimal works required to resume mining.

The mineral concentrator, to be built adjacent to Rubicon will use conventional crushing, grinding, desliming and froth flotation processes followed by dewatering of both concentrate and rejects streams. The lithium principally occurs in lepidolite, amblygonite and lithian muscovite, although any zinnwaldite will also be recovered through the process.

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, some reconfiguration of the flotation circuit and the installation of a second filter. The plant will be debottlenecked in Year 7 to cater for a declining head grade or later assuming the high-grade stockpile and Helikon 4 ore become part of the Phase 1 plan. Once the ongoing Resource extension program of the Helikon 2-5 deposits is complete a further updated mine schedule is planned to be developed.

Sustainability

During the quarter the Board established a Sustainability & Risk Committee comprising three non-executive Directors, with a minimum of two independent Directors.

The formation of the Sustainability & Risk Committee demonstrates Lepidico's commitment to responsible business conduct and represents an important step in building the Company's Sustainability governance framework.

The Company is developing a Sustainability and Climate Change Strategy that will include publicly stated targets and a screening of the UN Guiding Principles on Business and Human Rights, which are expected to be finalised during the second half of 2023. IBIS Consulting, a leading sustainability consultancy, has been appointed to support this Strategy work. IBIS has completed numerous Sustainability/ESG-related projects around the world including in Africa and the Middle East.

In addition to our existing commitments to people and planet, project stakeholders – which include finance providers – increasingly want to see an established climate strategy and roadmap, as well as compliance with human rights guiding principles. Lepidico aims to showcase its Climate Strategy, along with its industry-leading sustainability credentials at the UN Climate Change Conference, COP28, being hosted later this year in Dubai. Lepidico's Abu Dhabi commercial-scale lithium chemical plant will be the first of its kind in the Middle East and represents an enabler for further development initiatives in the electric vehicle supply chain within the UAE. Lepidico continues to work closely with its advisors and Abu Dhabi state-owned organisations for a strategic collaboration to develop its L-Max® lithium conversion plant.

During the quarter the Company also implemented Speeki software, which can be accessed on the Company's website, to support Lepidico's Whistleblower Policy.

Corporate Social Responsibility activities centred on an emergency maternity room for the community of Otjimbingwe, which was completed in June and handed over to the town in a ceremony in early July. The ceremony was attended by the Governor of the Erongo Region, the Executive Director for the Ministry of Health & Social Services, the Mayor of Karibib and the Chief of the Tsoaxudaman Traditional Authority as well as other dignitaries. Discussions have now started with the Ministry of Health & Social Services to increase the utilisation of this new facility by offering it for pre and post-natal care.

Product Marketing

Lepidico signed a binding offtake agreement in December 2021 with Traxys Europe S.A. ("Traxys"), where Traxys provides sales-marketing, logistics and trade finance for 100% of lithium hydroxide manufactured during the first 7 years of operation or 35,000t in total. In addition, Traxys is acting as agent for 100% of the production of caesium sulphate solution from the KEZAD chemical plant.

Competition is intensifying for battery-grade lithium chemicals with industry-leading ESG credentials, evidenced by direct discussions during the quarter with mid-stream and downstream participants in the EV supply chain. Further confidentiality agreements were entered into for lithium chemical supply during the period. The Company continues to work closely with Traxys to place the lithium hydroxide produced from Phase 1 on mutually beneficial terms that are sustainable, and effectively manage price risk for supplier and consumer throughout a cycle.

All forecast annual production of caesium from Phase 1 is now under either a letter of intent or has key terms agreed and/or a supply agreement being drafted. Caesium demand has grown to the point where upper volume limits have needed to be reduced in some instances. It is also encouraging that demand is starting to be seen for the supply of rubidium chemicals in commercial quantities. As previously advised, markets for the "Critical Minerals" caesium and rubidium are tightly controlled and opaque, with little data available on supply/demand and pricing. Lepidico is also limited by confidentiality agreements with third parties as to the information it can disclose pertaining to these markets. However, it is evident that caesium prices have appreciated significantly over the past two years as supply has tightened and that the market will benefit from Lepidico providing a new source of supply.

All annual production of the Phase 1 chemical plant gypsum-rich residue is covered by letters of intent for commercial use in the construction industry. However, as noted by the Food and Agriculture Organization (FAO), soil amendments [such as gypsum] can contribute to carbon sequestration, thereby mitigating climate change. Additionally, a paper published in the journal Nature suggested that better land management, including the use of amendments like gypsum, could contribute 30% of the total global mitigation needed by 2050.

The International Center for Biosaline Agriculture (ICBA), a Dubai-based not-for-profit applied agricultural research centre, recently completed a phase of agricultural growth trials using L-Max/LOH-Max synthetic gypsum from the 2022 pilot plant trials. ICBA advised, "The gypsum byproduct project has shown significant promise as a soil amendment for production across a variety of crops including pearl millet, wheat, and squash. According to the study, the use of low-grade gypsum as a soil amendment had a positive impact on plant growth, above-ground biomass, and grain yield. These outcomes were observed in both fresh and saline water conditions, suggesting that gypsum is a versatile amendment that can enhance crop productivity in diverse environments. The successful implementation of this gypsum byproduct will require further research, quality control measures, and strategic collaborations, potentially making a substantial contribution to the agriculture industry and environmental sustainability." Further work is now being considered.

Phase 2 Plant Scoping Study

A 25-hectare site has been identified in Walvis Bay, Namibia for a Phase 2 L-Max/LOH-Max chemical plant that can accommodate a capacity of up to 20,000tpa lithium carbonate equivalent coupled with an associated sulphuric acid plant. Work continues to secure cost estimates for key services and utilities to this site. Work has also continued for a Phase 2 development in the UAE.

Site selection for a Phase 2 chemical plant in the United States continued with the 66 submissions received across 6 States reduced to a short list of 7. A more detailed assessment is now being undertaken by an external consultant with the selection of a preferred site, as well as a contingency site planned for later in the September 2023 quarter. Along with the Feasibility design for the Phase 1 chemical plant, the selection of a preferred site could support a domestic debt funding application via the Department of Energy Loans Programme.

Unsolicited enquiries continue to be received regards Lepidico's process technologies, as new lithium mica ocurrances are identified by third-parties, which could lead to other jurisdictions being considered for future L-Max plants.

Two throughput scenarios are envisaged, a sister plant to Phase 1 with a nominal output capacity of 5,600tpa lithium hydroxide and a larger nominal 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 as well. To this end, additional sources of concentrate from third-party lithium mica mines continue to be evaluated, which could support the development of a global market for lithium mica concentrates, Lepidico's ultimate objective.

EXPLORATION & RESOURCE DEVELOPMENT

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 are 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.

Mineral Resource & Ore Reserve development

Drilling during the quarter was limited to 4 diamond twin holes and 4 large diameter geotechnical core holes at Helikon 4, and 5 infill holes between Helikon 3 and 4. Assays were also received from 13 core holes drilled at Helikon 3 in the previous quarter.

The mineralised pegmatite becomes thinner and fragmented with attenuated lithium grades at Helikon 3, which lies to the east of Helikon 4. Similarly, the previously undrilled zone between Helikon 3 and 4 confirmed this transition.

Results from the diamond twin holes at Helikon 4 demonstrate a good correlation of both width and grade of intercepts with previous RC drilling.

Drilling will continue in the September 2023 quarter to test down-dip extensions of the Helikon 4 system and at Helikon 2, to the east of Helikon 3.

Regional Exploration and Scout Drilling

Land access has been granted from 1 September 2023 to drill priority lithium-caesium-tantalum (LCT) pegmatite targets within EPL5439, where lepidolite has been identified in the outcrop and in old lepidolite-petalite workings. Similar to the Helikon 2-5 trend, these workings are not continuous but extend over approximately 1.5km of strike. The trend is supported by a pronounced Rb-in-soil anomaly in the host marbles and calcsilicate schists.

Reconnaissance work was undertaken at another LCT target within EPL5439 after land access was granted to another farm in the March 2023 quarter. Pegmatites were identified with evidence of strong fractionation (K/Rb ratio < 50) but, to date, with low lithium and rubidium values. Follow up work is planned.

CORPORATE

Cash & Facilities

At 30 June 2023, the Company held $10.8 million in cash and cash equivalents.

Project Finance

During the quarter the IE appointed by DFC provided an updated technical due diligence summary report, which takes into account the pilot plant trials undertaken in 2022, the completion of Phase 1 control estimates and schedules, and the associated revised project economics. This report concludes the IE's due diligence scope of work.

BMI was appointed by DFC to undertake an independent lithium market analysis, with the report completed in June.

DFC's legal counsel has completed its initial due diligence of the integrated Phase 1 Project and now awaits details for the stakeholders that will provide funding for the Abu Dhabi chemical plant to progress further.

In parallel, advisor Cygnum Capital (formerly Lion's Head Global Partners) is advising Lepidico on a strategic collaboration on the KEZAD chemical plant with an Abu Dhabi state-owned organisation. There continues to be strong support from KEZAD and its parent ADP for the Phase 1 lithium conversion plant, which represents an enabler for further direct foreign investments in EV supply chain developments within Abu Dhabi.

Cygnum Capital is also advancing discussions with other Development Finance Institutions, commercial lenders and export credit agencies for debt finance for the Abu Dhabi chemical plant development, with credit approvals expected to be sought by lenders following the completion of due diligence.

Other strategic equity options are also being pursued under the advisory agreement with Jefferies, which along with debt are intended to provide alternatives for a full Phase 1 funding package.

Legal Dispute

On 31 May 2023, the Company learned that, without any attempt to commercially resolve the matter, Jiangxi Jinhui Lithium Co., Ltd (Jinhui), a private Chinese corporation filed a Notice of Arbitration under the Arbitration Rules of the Singapore International Arbitration Centre (Notice).

The Notice is in connection with the offtake agreement between Desert Lion Energy (Pty) Ltd (subsequently renamed Lepidico Chemicals Namibia (Pty) Ltd) and Jinhui dated 6 November 2017 and later amended on 13 February 2018, which provided for the sale of material located in the stockpile at the Karibib project in Namibia and expired on 16 November 2022 (the Offtake Agreement).

The Notice includes a claim of US$4.6 million, being the amount received from Jinhui under the Offtake Agreement.

The Company has retained Singaporean, Canadian and Namibian litigation counsels and in late June 2023 submitted its "Response to Notice of Arbitration" in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (SIAC). The next steps in the matter include the formal appointment of each party's nominated arbitrators and the two appointed arbitrators agreeing on a joint nomination for athird arbitrator.

The Company believes that the arbitration is without merit and intends to vigorously defend itself.

Patents and Trademarks

At 30 June 2023, 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, Canada, 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 2024.

Annual Report

In the interests of providing more meaningful and up to date information, the Company will use the Lepidico website for communication of annual updates along with an electronic Sustainability Annual Review, rather than producing a glossy Annual Report for the financial year ended 30 June 2023. The Company will continue to comply with its statutory and regulatory annual reporting requirements including the audited Financial Statements for the year ended 30 June 2023, which are expected to be released to the market by 30 September 2023 and be made available in hard-copy for those sharehodlers that have mde this election.

Exploration and Resources

Compliance Statement

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 22 November 2022 ("Phase 1 Economics Updated & Improved"), 30 January 2023 ("Helikon 4 & Rubicon Stockpiles Upgrade to Mineral Resources") and 7 March 2023 ("Replacement Announcement – Helikon 4 Ore Reserve"). 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.

Forward-looking Statements

All statements other than statements of historical fact included in this release including, without limitation, statements regarding future plans and objectives of Lepidico, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" 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 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, its directors and management of Lepidico that could cause Lepidico's actual results to differ materially from the results expressed or anticipated in these statements.

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 release will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. Lepidico does not undertake 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 release, except where required by applicable law and stock exchange listing requirements.

CORPORATE INFORMATION

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

Key Management
Benedicta Uris (GM Sustainability & Country Affairs)
Timo Ipangelwa (GM Operations – Namibia)
Hans Daniels (GM Operations – UAE)
Roland Wells (Project Director)
Tom Dukovcic (GM Geology)
David Hall (GM Marketing & Investor Relations)
Shontel Norgate (CFO & Joint Company Secretary)
Alex Neuling (Joint Company Secretary)

Stock Exchange Listings
Australian Securities Exchange (Ticker LPD)
Frankfurt Stock Exchange (Ticker AUB)

Registered & Principal Office
Suite 2, 680 Murray Street,
West Perth, WA 6005, Australia

Forward Shareholder Enquiries to:
Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

All correspondence to:
GPO Box 5193
Sydney NSW 2001

Ph:1300 288 664 (within Australia)
Ph: +61 (0) 2 9698 5414
Email: hello@automicgroup.com.au
Website: www.automicgroup.com.au

Issued Share Capital
As at 30 June 2023, issued capital was 7,638,305,721.
As at 26 July 2023, issued capital was 7,638,305,721.

Quarterly Share Price Activity

	High	Low	Close
April – June 2023	1.3c	0.09c	1.1c

Authorised for release by the Managing Director.

Further Information
For further information, please contact

Joe Walsh
Managing Director
Lepidico Ltd
Tel: +1 647 272 5347

David Waterhouse
Waterhouse IR

Tel: +61(0)3 9670 5008

Email: info@lepidico.com
Website: www.lepidico.com

TENEMENT INFORMATION (Provided in accordance with ASX Listing Rule 5.3.3)

NAMIBIAN OPERATIONS, Karibib Project

Karibib Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
ML 204	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km^2
EPL 5439	Lepidico Chemicals Namibia (Pty) Ltd	80%	09/06/2024	165 km^2

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

Payments made during the quarter and included in Item 6.1 of Appendix 5B – Mining Exploration Entity Quarterly Cash Flow Report, comprise the following:

Item 6.1: Aggregate amount of payments to related parties and their associates included in cash flows from operating activities is $364,000:

	$'000
Remuneration	130
Directors Fees	72
Payments to Director-Related Entities (Development)	162
Total included in 6.1	**364**

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Lepidico Ltd	
ABN	**Quarter ended ("current quarter")**
99 008 894 442	30 June 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (expensed)	-	-
	(b) development	(1,711)	(8,705)
	(c) production	-	-
	(d) staff costs	(846)	(3,552)
	(e) administration and corporate costs	(775)	(3,209)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	94	274
1.5	Interest and other costs of finance paid	(5)	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	2,179
1.8	Other (legal dispute)	(188)	(188)
1.9	**Net cash from / (used in) operating activities**	**(3,431)**	**(13,206)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(5)	(223)
	(d) exploration & evaluation (capitalised)	(560)	(3,351)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (legal dispute)	-	-
2.6	**Net cash from / (used in) investing activities**	**(565)**	**(3,574)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	19,600
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	14	1,215
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,293)
3.5	Proceeds from borrowings	-	169
3.6	Repayment of borrowings	(9)	(9)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**5**	**19,682**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,323	8,043
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,431)	(13,206)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(565)	(3,574)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5	19,682

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(500)	(113)
4.6	**Cash and cash equivalents at end of period**	**10,832**	**10,832**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	10,832	15,323
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**10,832**	**15,323**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	364
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements **	Up to 7,500	3,525
7.3	Other (Revolving Vehicle Financing Facility)	160	153
7.4	**Total financing facilities ** **	Up to 7,660	3,678

7.5	**Unused financing facilities available at quarter end**	Up to 3,982

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

** On 23 December 2019 the Company executed a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to $7.5 million of standby equity capital to February 2022. Under the CPA Lepidico sets a floor price and the final issue price will be calculated as the greater of that floor price and a 10% discount to a Volume Weighted Average Price (VWAP) over a period nominated by Lepidico. As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares from its LR7.1 capacity, at nil consideration to Acuity Capital ("Collateral Shares") but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

On 19 April 2021 the Company announced it had raised A$2,925,000 (after costs) through the set-off of 134,000,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) as announced on 23 December 2019.

On 10 October 2022 the Company announced it had raised A$600,000 (after costs) through the set-off of 23,100,000 Set-off Shares previously issued to Acuity Capital under the CPA.

The Set-Off Shares reduces the total collateral shares to 72,900,000 million, which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. The unused facility reduced by $0.6 million following the capital raise and cash increased by $0.6 million.

On 26 January 2022 the Company agreed with Acuity Capital to extend the expiry date of its Controlled Placement Agreement ("CPA") to 31 January 2024.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,431)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(560)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,991)
8.4	Cash and cash equivalents at quarter end (item 4.6)	10,832
8.5	Unused finance facilities available at quarter end (item 7.5)	Up to 3,982
8.6	Total available funding (item 8.4 + item 8.5)	14,814

8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.7
	Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

Although the Company has positive relevant outgoings at Item 8.3 it provides the following information due to the nature of the cash from operating activities during the quarter.

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 26 July 2023..

Authorised by: .....By the Board..
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.