ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 30 June 2018

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

Key Points

Operations

- Vendor specific testwork to determine the requirements for increasing the installed capacity of major capital equipment in the Phase 1 Plant for nominal output of 5,000t per year of lithium carbonate was completed.
- Final engineering work for the Phase 1 L-Max® Plant has commenced.
- Baseline environmental work for the Phase 1 Plant site in Sudbury remains on schedule for completion in the December 2018 quarter. A permitting schedule for Sudbury has been developed with all permits and approvals projected to be complete by mid-2019.
- A provisional patent application for S-Max™, a process that produces silica compounds from mica minerals, was lodged with the Australian patent office during the quarter.
- Marketable quality samples of feldspar and quartz concentrates for ceramics use were produced from Alvarrões mineralisation, in addition to the primary lithium mica concentrate product.
- Co-disposal of concentrator fines at Alvarroes is being evaluated. Viability of this methodology will negate the requirement for a tailings storage facility, thereby benefiting both capital and operating costs, and significantly reducing the operation's footprint.
- Scoping study works for a full-scale L-Max® plant built in 10,000 tonnes per year modules have commenced.

Corporate

- Cash position as at 30 June 2018 of $4.9 million and no debt.
- Provisional patent application for S-Max™, a hydrometallurgical process to produce amorphous silica from (lithium) mica minerals, was filed.
- National and regional patent processes for L-Max® progressing.

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OVERVIEW & OUTLOOK

Excellent progress was made during the quarter in optimising the L-Max® process. This work is expected to lead to both improved lithium recoveries, as well as operating and capital cost benefits for the Phase 1 Plant Project. Baseline environmental studies at the preferred location for the Phase 1 Plant near Sudbury remain on schedule for completion in 2018. The planned site is suitable for accommodating both the plant and a residue storage facility. However, work has commenced to evaluate the L-Max® residue as a material to encapsulate landfill sites. Such commercial use would substantially reduce the footprint required for the Phase 1 Project and transform the plant into a "zero waste" facility. Lepidico is committed to maximising the effectiveness and efficiency of its process, while minimising its environmental footprint. Final Phase 1 Plant engineering for a nominal 5,000 tonne per annum (tpa) lithium carbonate facility is envisaged to be completed in the December 2018 quarter. First production continues to be targeted for calendar year 2020. Scoping study works for a full-scale L-Max® plant, built in 10,000 tpa modules has commenced.

DEVELOPMENT

Phase 1 L-Max® Plant Feasibility Study

Key activities undertaken during the quarter for the Phase 1 L-Max® Plant Feasibility Study (the "Study") included: optimisation of the L-Max® process design and engineering through vendor testwork; baseline environmental studies at the preferred site within Sudbury for the location of the L-Max® Plant and associated residue storage (if required); permitting and regulatory approvals in Ontario and Portugal; design optimisation for silica and sulphate of potash (SOP) production; and continued assessment of options for product offtake and finance.

The vendor testwork program that was committed to earlier in the year is complete. The objective of the vendor program was to precisely determine the capacity of the major equipment for application in the Phase 1 L-Max® Plant. The findings of this work coupled with process optimisation testwork that continued during the quarter have resulted in a number of plant design modification that simplify the process flowsheet, with positive implications for both capital and operating costs. These improvements, which include the S-Max™ (see Corporate Section of this report) circuit design, will be incorporated into the final design for the Phase 1 Plant, which will be based on a nominal concentrate throughput rate of approximately seven tonnes per hour to produce approximately 5,000 tpa of lithium carbonate equivalent (LCE). This compares with the production rate contemplated in the pre-feasibility study of 2,500 tpa to 3,000 tpa LCE. Definitive engineering works are scheduled to commence in August 2018 that will allow the final capital cost and project implementation schedule for the Phase 1 Plant to be estimated.

Confidentiality regimes have been entered into with various industry participants for the quality assessment and marketability of the main L-Max® products. Product samples of the highest possible purity will continue to be generated during the second half of 2018 for third party evaluation.

Environmental baseline work at the Company's preferred location for the Phase 1 Plant continued and is on schedule for completion during the December 2018 quarter. This site has excellent existing infrastructure including road, rail, power, gas, water and town sewer. The owner of the industrial park and Lepidico are working together to assess available government incentives to upgrade the

power and gas services at the location. A second location for a L-Max® plant has also been identified in Sudbury that could provide a viable alternative for a future full-scale plant development.

Positive engagement has continued with various potential stakeholders including local First Nations groups and Provincial Ministries, with the objective of ensuring ongoing support for the development of the Phase 1 Plant Project in Sudbury. The project is expected to employ approximately 70 people and be the first lithium chemical facility built in a region that already produces significant quantities of both nickel and cobalt, key ingredients in the manufacture of many lithium-ion battery cathode chemistries.

Knight Piésold Consulting (KP Consulting) commenced residue characterisation work in the quarter. Residue storage facility engineering work also continued for the preferred site. However, KP Consulting and Lepidico, in consultation with the City of Greater Sudbury, are collaborating on possible commercial uses for the benign L-Max® residue, the residue product project. If successful, the need to store residue on site may be eliminated, thereby making the Phase 1 Plant a "zero waste" facility, and result in further capital and operating cost savings.

The Feasibility Study for the Phase 1 L-Max® Plant is scheduled to be completed during the March 2019 quarter, based on a revised nominal production rate of 5,000 tpa LCE. Depending on the initial assessment of the L-Max® residue product project there may be a requirement to integrate this workstream into the Feasibility Study and to secure the requisite permits for using the residue in this application. Permitting and approvals processes remain on the critical path for a final investment decision for the Phase 1 Project.

Feasibility study level process design criteria for the upstream concentrator are scheduled to be completed during the December 2018 quarter. This work is planned to be based on the Outotec cPlant design. The cPlant Concentrator offers a cost effective, flexible solution, ideal for projects with modest capacity needs and/or in remote locations. The plant is based on pre-fabricated and functionally tested modules inside container-sized steel frames that can be easily transported and installed, and quickly connected. Some of the stated benefits of cPlant include: reduced EPC project costs compared to a conventional flotation plant; up to 20% lower capital investment; requires 30% less labour resources; 95% of installation and pre-commissioning done prior to delivery; minimal civil engineering work required; and ease of relocation.

Alvarrões Lepidolite Mine (Gonçalo), Portugal[1]

Work during the June 2018 quarter focussed on flotation optimisation, development of permitting schedules, mine planning and concentrator site selection.

During the June 2018 quarter a conceptual mine plan was developed for the Block 1 and 2 area, to support a plus ten year project life for the Phase 1 Plant. One objective of the development plan is to minimise the operations footprint and maximise the use of the current area of disturbance. This will be achieved via in-pit disposal of mine waste, in-pit crushing using mobile crusher and co-disposal of the relatively modest quantity of benign concentrator tailings with mine waste. The Alvarrões Mining Lease area covers 634 hectares, however, based on the mine plan only a fraction of this will be required to be developed for the Phase 1 Project and multiple locations have been identified for siting the concentrator.

[1] Lepidico announced on 9 March 2017 that it had signed a binding term sheet for ore off-take from the Alvarrões lepidolite mine with Grupo Mota, the 66% owner and operator of Alvarrões.

Lepidico has designed a reverse circulation and diamond core drill program to increase the Mineral Resource data density and to test for extensions of the mineralisation to the north and west of the current Alvarrões Resource. The objective of this program will be to upgrade the existing Mineral Resource within Blocks 1 and 2 to Measured and Indicated categories and establish the resource potential for the pegmatite sills across Block 3. This work is planned to commence once commercial terms are finalised with Grupo Mota based on the existing ore offtake agreement. Under certain circumstances it is envisaged that these terms will convert to a joint venture arrangement. A scout drill program is also planned in collaboration with Grupo Mota to further evaluate the lepidolite potential within the greater mining lease area, termed the Phase 2 Area.

Grupo Mota has commenced work on an Environmental Impact Study at Alvarrões, which is scheduled for completion in the March 2019 quarter. A permitting and approvals schedule has also been developed following consultation with regulators. This represents the critical path for the project. Based on the prescribed process timeframes it is estimated that the requisite project permits would be received during the second half of 2019. First production continues to be targeted for calendar year 2020, based on an early works program for Alvarrões that is being developed as part of the integrated Phase 1 Project Feasibility Study.

The work at Alvarrões is part of Lepidico's Mineral Resource definition program to establish a multi-deposit inventory of high-quality lithium mica Mineral Resources to provide feedstock for not just the proposed Phase 1 L-Max® Plant but also conceptual full-scale L-Max® plants.

Full-scale L-Max® Plant Scoping Study

Various data have been gathered during the course of the demonstration scale Phase 1 Plant studies that will inform a scoping level study for a conceptual full-scale L-Max® plant. Collation of these data has commenced and further work is planned for the September 2018 quarter to evaluate the optimal scale and preferred locations for a larger chemical plant. The Scoping Study will consider both a modular approach to development in 5,000 tpa and 10,000 tpa LCE plant lines as well as a single larger scale development. Data collected from the final engineering work being undertaken for the Phase 1 Plant Feasibility Study will also be used in the full-scale plant scoping study.

L-Max® amenability testwork was undertaken under confidentiality during the June 2018 quarter on lithium mica samples from a previously untested deposit. Encouraging flotation and leach results were obtained and additional samples have been received for further testing in the September 2018 quarter. Testwork is also planned to commence in the current quarter on two further lithium mica sources, under separate confidentiality. Assuming positive results, these deposits have the potential to provide sufficient concentrate feed to support the full-scale L-Max® plant scoping study.

Mt Cattlin Operations, Western Australia[2]

During the March 2018 quarter Lepidico successfully produced battery grade lithium carbonate, using the L-Max® process technology from a tailings sample sourced from the Galaxy Resources Ltd ("Galaxy") Mt Cattlin spodumene operations. Further collaborative work will be considered once the L-Max® amenable lithium minerals at Mt Cattlin have been delineated.

[2] The Mt Cattlin operations are 100% owned and operated by Galaxy Resources Limited (ASX: GXY) ("Galaxy"), which holds a 11.8% equity interest in Lepidico Ltd.

EXPLORATION

During the June 2018 quarter, the Company undertook a strategic review of exploration results generated from its farm-in agreements over the Lemare spodumene project in Quebec, and the PEG 9 and Moriarty lithium mica projects in Western Australia.

Lemare is not considered prospective for lithium mica minerals and as such is no longer deemed to be a strategic fit for the company. Accordingly, Lepidico has moved to formally terminate the Lemare Option Agreement.

Recent exploration results from PEG 9 and Moriarty indicate that these projects will not meet Lepidico's criteria as prospective sources of lithium mica mineralisation. No further work is planned by Lepidico for either of the projects.

Lepidico's exploration strategy is to identify and secure lithium mica deposits that are capable of providing material quantities of quality L-Max® feed. Further exploration is planned at Alvarrões in Portugal to increase the scale and confidence of the JORC Code-compliant Inferred Mineral Resource of 1.5Mt @ 1.1% Li_2O. In parallel, ongoing evaluation of lithium mica projects continues both in Australia and globally.

Youanmi Lepidolite Project, Youanmi, Western Australia[3]

During the June 2018 quarter Lepidico evaluated the lepidolite prospectivity of ground held by Venus Metals Corporation Limited (ASX:VMC) ("Venus") in the Murchison District of Western Australia, approximately 20 km southwest of the historical Youanmi gold mine. The property encompasses 4 km of strike of a lepidolite-bearing pegmatite belt within which lepidolite is often the only, or dominant, lithium mineral species. Subsequent to the end of the quarter Lepidico entered into a farm-in agreement with Venus to explore for lithium mica and phosphate minerals on its Youanmi tenements. Exploration is scheduled to commence in August 2018.

PEG 9, Pioneer Dome, Norseman, Western Australia[4]

Lepidico completed an RC drilling program at PEG 9 during the quarter. The program consisted of 13 holes for a total of 754 m of drilling targeting a 200 m long multi-element (including Li, Rb and Cs) soil anomaly associated with a sub-cropping lepidolite-bearing pegmatite.

Drilling intersected one lepidolite-bearing pegmatite averaging approximately 5 m in thickness central to the prospect, which returned a best result of 2 m @ 0.97% Li_2O in hole PG9C001, with lithium grades diminishing with depth. Also intersected were several quartz-feldspar-muscovite pegmatites, including a thick (>40 m) pegmatite, which carry only sporadic minor lepidolite, and which returned a highest value of 0.29% Li_2O.

The RC program tested the full extent of the PEG 9 anomaly. In light of the low lepidolite content and commensurate low lithium grades, Lepidico has withdrawn from the farm-in over PEG 9. The ground reverts fully to Pioneer Resources.

[3] Lepidico announced on 26 July 2018 that it had entered into an option agreement with Venus Metals Corporation Limited (ASX:VMC) to earn up to an 80% interest in lithium pegmatite rights within exploration licence E57/983.

[4] Lepidico announced on 23 February 2017 that it had entered into a farm-in agreement to earn a 75% interest in the "PEG009" lepidolite prospect located within Pioneer Resources Ltd's (ASX: PIO) 100% owned Pioneer Dome project.

CORPORATE

As at 30 June 2018, Lepidico had cash of $4.9 million and no debt.

Patents

During the quarter the Company lodged a provisional patent application for a hydrometallurgical process, S-Max™, developed in close collaboration with Strategic Metallurgy, inventor of the L-Max® process. S-Max™ produces an amorphous silica from concentrates sourced from a range of mica minerals, including lithium micas.

The purified amorphous silica may be sold directly or used as a feed to produce a variety of other marketable silica products. The S-Max™ technology will be held in a wholly owned Lepidico subsidiary: Silica Technology Pty Ltd.

S-Max™ employs three stages; grinding, sulphuric acid leach regimes at atmospheric pressure, followed by differential classification and flotation streams. All equipment is industry standard and common use reagents are employed. Occupational health and safety requirements will be straightforward.

Importantly, S-Max™ can be integrated with Lepidico's proprietary L-Max® process, employed for the production of lithium carbonate and a suite of other by-products, including sulphate of potash (SOP) fertiliser, sodium sulphate, and potentially caesium/rubidium and tantalum compounds. When lithium bearing mica concentrates are treated, the S-Max™ leach liquor can feed directly into the first impurity removal stage of the L-Max® process. Furthermore, the leach liquor from non-lithium bearing micas including muscovite and biotite may be treated to produce valuable by-products including sulphate of potash (SOP) fertiliser. When combined with L-Max® silica production costs are expected to be competitive.

The Company currently holds International Patent Application PCT/AU2015/000608 and a granted Australian Innovation Patent (2016101526) in relation to the L-Max® Process.

In 2017, the Company proceeded with the national and regional phase of patent applications in the main jurisdictions in which L-Max® may operate in the future. This regional phase of the patent process is expected to continue into 2019.

Further Information

For further information, please contact

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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.

CORPORATE INFORMATION

Board

Gary Johnson	Non-Executive Chairman
Joe Walsh	Managing Director
Tom Dukovcic	Director Exploration
Mark Rodda	Non-Executive Director
Cynthia Thomas	Non-Executive Director
Brian Talbot	Non-Executive Director
Shontel Norgate	CFO & Joint Company Secretary
Alex Neuling	Joint Company Secretary

Registered & Principal Offices

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Stock Exchange Listings

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

Forward Shareholder Enquiries to

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Applecross WA 6153
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Issued Share Capital

As at 30 June 2018, issued capital was 2,901,520,897
As at 30 July 2018, issued capital was 2,921,520,897

Quarterly Share Price Activity

	High	Low	Close
April – June 2018	4.6c	3.4c	3.7c

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

AUSTRALIAN OPERATIONS

The Company currently holds interests in tenements as set out below.

Farm-in Agreements

Project/ Tenement ID	Registered Holder	Lepidico Interest in tenement	Expiry Date	Area
Youanmi Lepidolite Project (E57/983) Youanmi, WA	Venus Metals Corporation Limited	Earning up to 80% of lithium pegmatite rights	3 February 2020	29 blocks

APPENDIX 1. Drill hole data, Peg 9 RC program, April 2018

Hole	Northing (m)	Easting (m)	Altitude (masl)	Azimuth	Dip	Depth (m)
PG9C001	6465300	371345	400	092	60	120
PG9C002	6465301	371320	400	088	60	70
PG9C003	6465302	371293	400	088	60	72
PG9C004	6465260	371367	400	090	60	30
PG9C005	6165257	371331	400	092	60	60
PG9C006	6465195	371368	400	092	60	54
PG9C007	6465341	371321	400	090	60	30
PG9C008	6465400	371500	400	088	60	84
PG9C009	6465365	371447	400	095	60	60
PG9C010	6465439	371398	400	092	60	54
PG9C011	6465397	371427	400	096	60	48
PG9C012	6465402	371405	400	094	60	42
PG9C013	6465397	371316	400	088	60	30

Notes:

1. *Grid reference: UTM WGS84 51S.*
2. *Coordinates determined by handheld GPS.*
3. *Altitude taken as nominal 400 m above sea level.*

APPENDIX 2. JORC Code (2012) Table 1 Report: Reverse Circulation Drilling, PEG 9 prospect, April 2018.

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Reverse Circulation (RC) percussion drill chips collected through a cyclone at 1m intervals down the hole and laid on ground. Scoop used to collect 1m samples through pegmatite intercepts, and 5m composite sample of host rock, of 2kg - 3kg weight.
	Include reference to measures taken to ensure sample representativeness and the appropriate calibration of any measurement tools or systems used.	Samples were kept dry; when compositing, equal portions taken from each sample pile to produce representative composite sample.
	Aspects of the determination of mineralisation that are Material to the Public Report.	Samples were sent to ALS laboratories in Kalgoorlie for sample prep, with analysis for a multi-element suite by ALS method ME-MS89L (sodium peroxide fusion and ICP-MS finish) at ALS laboratories in North Vancouver, Canada.
	In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	The drilling program was designed to test an outcropping lepidolite-bearing pegmatite coincident with a surface Li-Rb-Cs soil anomaly to gauge the presence and continuity of lepidolite mineralisation at depth.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	All holes were completed by the reverse circulation (RC) drilling technique. A 4.5" face sampling hammer was used to a maximum depth of 120 m.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Samples were visually inspected for recovery with any sample differing from the norm noted in the logs.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Samples were kept dry with holes terminated if water could not be controlled and samples became wet.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Sample recovery was adequate for the drilling technique with no sample bias occurring.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Chip samples were geologically logged on a 1m interval by the geologist on site overseeing the drill program. A small sample of each metre was washed, collected and archived in chip trays.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging recorded abundance and type of minerals, veining, alteration, mineralisation, colour, weathering and rock types using a standardised logging system.
	The total length and percentage of the relevant intersections logged.	All holes were logged over their entire length.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable, no core drilling was conducted.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	All chip samples were dry and collected using a scoop. Equal portions were taken from each sample pile to produce representative samples.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples were sent to ALS Minerals laboratories in Kalgoorlie where the entire sample was crushed, >70% -6mm fraction, then pulverised to 85% passing 75 microns or better.
	Quality control procedures adopted for all sub-sampling stages to maximise representativeness of samples.	RC drilling maximising sample size for each metre interval is considered appropriate for representativeness of samples.

	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Sampling technique and size is considered appropriate for this early stage drilling program.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The larger sample size of RC drilling is considered appropriate for the style of mineralisation and material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Samples were sent to ALS laboratories, with analysis of a multi-element suite (Ag, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cs, Cu, Dy, Er, Eu, Fe, Ga, Gd, Ge, Ho, In, K, La, Li, Lu, Mn, Mo, Nb, Nd, Ni, Pb, Pr, Rb, Re, Sb, Se, Sm, Sn, Sr, Ta, Tb, Th, Ti, Tl, Tm, U, V, W, Y, Yb, Zn) by sodium peroxide fusion (ME-MS89L ICP-MS).
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Not applicable, no instruments used.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Two lithium standards were inserted approximately every 20 samples, with field duplicates submitted approximately every 40 samples.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	A minimum of 2 company geologists have verified significant intersections.
	The use of twinned holes.	No twinned holes were drilled and are not considered necessary for this early stage if drilling.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Drill hole data and geological logs were recorded on paper in the field then entered into digital format before being uploaded to the company's server hosted database.
	Discuss any adjustment to assay data.	There has been no adjustment to assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole coordinates were determined using a handheld GPS.
	Specification of the grid system used.	UTM WGS84 51S
	Quality and adequacy of topographic control.	RL determined using handheld GPS
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Thirteen drill holes (PG9C001-PG9C013) were spaced 20 m – 60 m apart on six sections nominally 50 m apart.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The drilling is first-pass in nature and not at a stage where a Mineral Resource estimation is appropriate.
	Whether sample compositing has been applied.	One metre samples were collected though pegmatite intervals. Samples were composited (5 m composites) through the mafic host rock.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The holes were drilled on an E-W orientation and essentially perpendicular to the target anomalies. The drill orientation is considered appropriate for the early stage of drilling and the target type.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No sampling bias is considered to have been introduced.
Sample security	• *The measures taken to ensure sample security.*	The samples were bagged and bulk-packaged securely and transported by 4WD vehicle to the ALS laboratory in Kalgoorlie.

Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No audits or reviews were conducted for this sampling program.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The PEG 9 prospect is part of the PEG 9 Farm-in Area which lies within Exploration Licence E63/1669 located approximately 30 km N of Norseman, WA, on vacant crown land. The tenement is held by Pioneer Resources Ltd. Lepidico Ltd is earning a 75% interest in the lithium mica rights over the PEG 9 Farm-in Area, comprising two sub-blocks in the southern part of E63/1669. The tenement sits within the Ngadju (WC1999/02) Native Title Claim. Anthropological Heritage Survey Work Area Clearance for the proposed drilling program was obtained by Pioneer Resources Ltd on 16 August 2016. The PEG 9 Farm-in Area is also covered by a Category C Flora and Fauna Reserve. A Conservation Management Plan was approved by DBCA in October 2017 and a Program of Works was approved by DMIRS in December 2017.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Tenure is secure with no known impediments other than as detailed immediately above.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Exploration was conducted by Lepidico Ltd staff and contractors.
Geology	• *Deposit type, geological setting and style of mineralisation.*	LCT-type pegmatites within Archean greenstones of the Norseman-Wiluna greenstone belt.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	Refer to Appendix 1 of the report.
	o *easting and northing of the drill hole collar*	Refer to Appendix 1 of the report.
	o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	Refer to Appendix 1 of the report.
	o *dip and azimuth of the hole*	Refer to Appendix 1 of the report.
	o *down hole length and interception depth*	Refer to Appendix 1 of the report.
	o *hole length.*	Refer to Appendix 1 of the report.
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	N/A
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	No cuts were applied.
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	N/A

	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	N/A
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	Mineralised widths are approximately equal to downhole intercepts.
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	Pegmatite orientations are either moderately dipping towards the drill hole or sub-horizontal and thus intercept widths are reasonably close to true widths.
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Material mineralisation was not intersected and only down hole widths are reported.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Significant mineralisation was not intersected.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Significant mineralisation was not intersected.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Significant mineralisation was not intersected.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Ongoing work includes a geochemical survey of the balance of the area for LCT-type anomalism and subsequent drilling of anomalies if warranted.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	N/A

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.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Lepidico Ltd

ABN	**Quarter ended ("current quarter")**
99 008 894 442	30 June 2018

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	-	89
1.2	Payments for		
	(a) exploration & evaluation	(324)	(1,566)
	(b) development	(705)	(1,934)
	(c) production		
	(d) staff costs	(242)	(987)
	(e) administration and corporate costs	(400)	(2,189)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	18	69
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	468
1.8	Other (Takeover Defence)	-	(20)
1.9	**Net cash from / (used in) operating activities**	**(1,653)**	**(6,070)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(23)	(26)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	110
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(23)**	**84**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	7,080
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	363	1,028
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(553)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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**	**363**	**7,555**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,189	3,307
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,653)	(6,070)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23)	84
4.4	Net cash from / (used in) financing activities (item 3.10 above)	363	7,555
4.5	Effect of movement in exchange rates on cash held	(17)	(17)
4.6	**Cash and cash equivalents at end of period**	**4,859**	**4,859**

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	4,859	6,189
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)**	**4,859**	**6,189**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	431
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salaries	131,000
Directors Fees	63,000
Payments to Director Related Entities (Development)	237,000

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

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

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	112
9.2	Development	759
9.3	Production	-
9.4	Staff costs (includes exploration and evaluation)	491
9.5	Administration and corporate costs	499
9.6	Other	
9.7	**Total estimated cash outflows**	**1,861**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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.

Sign here:  Date: 30 July 2018
(~~Director~~/Company secretary)

Print name: Shontel Norgate

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly 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 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.