

**ASX/Media Announcement**

Perth: 21 February 2017

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## Financial Report for the Half Year Ended 31 December 2016

Lepidico Ltd (ASX:LPD) (“Lepidico” or “the Company”) is pleased to announce the release of its consolidated financial statements for the half year ended 31 December 2016.

**Significant Events for the Half Year**

- Commencement of PFS on a Phase 1 L-Max<sup>®</sup> Plant
- Completion of first exploration program at the Lemare Project
- Appointment of Managing Director and CFO
- Name changed to Lepidico Ltd
- \$2.1 million in cash and cash equivalents as at 31 December 2016.

**Significant Events subsequent to the Half Year**

- Successful production of battery grade lithium using L- Max<sup>®</sup> technology
- L- Max<sup>®</sup> delivery of high lithium recoveries
- LPD’s lithium alliance with Avalon Advanced Materials
- Release of innovation patent certification for L- Max<sup>®</sup>
- Recommencement of drilling at the Lemare Lithium Project in Quebec, Canada

Lepidico Managing Director Mr Joe Walsh, said “*the 2<sup>nd</sup> half of 2016 was a period of significant change and growth for the Company which positioned it well to move into 2017 and continue to build momentum through the positive announcements made by the Company over the last two months*”.

**Further Information**

For further information, please contact

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**Tom Dukovcic**  
**Director Exploration**  
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**About Lepidico Ltd**

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite. The L-Max<sup>®</sup> Process has the potential to disrupt the lithium market by providing additional lithium supply from alternative sources. The Company is currently conducting a pre-feasibility study for a Phase 1 L-Max<sup>®</sup> plant, targeting production for 2019. Four potential sources of feed to the planned Phase 1 Plant are being evaluated, one of which is the Separation Rapids deposit in partnership with its owner Avalon Advanced Materials Inc. Lepidico’s current exploration assets include options over the Lemare and the Royal projects, both in Quebec, Canada; ownership of the Euriowie project near Broken Hill in New South Wales; joint venture agreements with ASX-listed Crusader Resources (ASX:CAS) in Brazil; and ongoing discussions with Latin Resources (ASX:LRS) aimed at leveraging L-Max<sup>®</sup> in Peru and Argentina to jointly evaluate lithium opportunities.



# **LEPIDICO LTD (formerly Platypus Minerals Ltd)**

## **And Controlled Entities**

**ABN 99 008 894 442**

# **INTERIM FINANCIAL REPORT 31 DECEMBER 2016**

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 2016 and any public announcements made by Lepidico Ltd (formerly Platypus Minerals Ltd) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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**LEPIDICO LTD (formerly Platypus Minerals Ltd)  
ABN 99 008 894 442  
AND CONTROLLED ENTITIES**

## **CORPORATE DIRECTORY**

### **Directors**

Gary Johnson (Non-Executive Chairman)  
Julian (Joe) Walsh (Managing Director)  
Tom Dukovcic (Director Exploration)  
Mark Rodda (Non-Executive Director)

### **Joint Company Secretaries**

Alex Neuling  
Shontel Norgate

### **Registered Office**

Level 1, 254 Railway Parade  
West Leederville, WA, Australia, 6007  
Telephone: (08) 9363 7800  
Facsimile: (08) 9363 7801

### **Principal Places of Business**

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West Leederville, WA, Australia, 6007  
PO Box 1245 West Leederville WA 6901

Level 1, 286 Ann Street  
Fortitude Valley, QLD, Australia, 4006

Website: [www.lepidico.com](http://www.lepidico.com)

### **Country of Incorporation**

Australia

### **Auditors**

Moore Stephens Chartered Accountants  
Level 15, Exchange Tower  
2 The Esplanade  
Perth WA 6000  
Telephone: (08) 9225 5355  
Facsimile: (08) 9225 6181

### **Share Registry**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233

### **Home Exchange**

Australian Stock Exchange Limited  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

**ASX Codes: LPD**

**LEPIDICO LTD (formerly Platypus Minerals Ltd)**  
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**DIRECTORS' REPORT**

Your Directors submit the interim financial report of Lepidico Ltd (formerly Platypus Minerals Ltd) and its Controlled Entities (referred to as the "Consolidated Group" or "Group") for the half-year ended 31 December 2016.

**DIRECTORS**

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

Mr Gary Johnson (appointed 9 June 2016)  
Mr Julian (Joe) Walsh (appointed 22 September 2016)  
Mr Tom Dukovcic  
Mr Mark Rodda (appointed 24 August 2016)  
Mr Rocco Tassone (appointed 8 October 2015; resigned 1 September 2016)

**RESULTS AND REVIEW OF OPERATIONS**

The Consolidated Group incurred an operating loss after income tax of \$2,788,906 (31 December 2015: \$1,558,612) for the half-year ended 31 December 2016.

During the period under review, the Group commenced a Pre-Feasibility Study ("PFS") on a Phase 1 L-Max<sup>®</sup> Plant of sufficient scale to provide an attractive economic return. The study will leverage the substantial body of test-work undertaken over the past two years to develop the metallurgical process, which has produced battery grade lithium carbonate along with a suite of by-products. The PFS will include plant design criteria, optimal plant location, investigation of by-product markets, assessment of feedstock options, logistics, cost estimates, financial analysis and a defined scope for feasibility study evaluation. Securing potential lithium-mica feed-sources is a PFS imperative. The PFS remains on schedule to be completed late in the March quarter 2017 and will be based on feed sources from three separate lithium mica deposits.

Excellent PFS metallurgical results started to be received late in the December 2016 quarter, which provided the confidence to accelerate Definitive Feasibility Study test-work activities and keep the project on a fast track. Re-assembly of the Group's L-Max<sup>®</sup> mini-plant started in December for continuous process trials during the March 2017 quarter.

During the period the Group completed its first exploration program at the Lemare Project which comprises 158 claims encompassing 74km<sup>2</sup> in the Abitibi greenstone belt in the James Bay region of Quebec, Canada. Lemare is located approximately 60km east of the town of Nemaska and sits 30km east of the Whabouchi spodumene deposit owned by Nemaska Lithium. The program comprised 16 diamond drill holes, totalling 1,788m of NQ core, drilled into the Lemare pegmatite along 8 lines spaced a nominal 50m apart. The drilling confirmed the presence of a high grade spodumene pegmatite that was initially identified by a series of channel samples. This pegmatite was seen to extend at least 300m along strike and remains open to the NE and down dip. It is up to 20m in true width and pinches and swells both along strike and down dip. The pegmatite is closed off to the SW where it approaches a lake.

Several sub-parallel pegmatites were intersected by drilling. To date these have been generally low grade and only sporadically mineralised.

Rock chip sampling along the projected extension of the pegmatite beyond the lake to the SW led to the discovery of a new zone of spodumene mineralisation over a 600 m strike length. This zone, named Lemare West, remains open to the SW and has yet to be tested at depth by drilling.

Fairly consistent grades of between 2% and 3% Li<sub>2</sub>O (average of 10 samples is 2.3% Li<sub>2</sub>O) were recorded from this new zone, which represents a highly prospective future drilling target.

The total Lemare spodumene-prospective pegmatite strike length now exceeds 1.2 km.

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The new SW zone requires further prospecting, including trenching, and detailed mapping to determine the length and width of the pegmatite zone in order to target drilling in this area. The Group is considering the optimal exploration program during the winter season when the region is covered with snow.

Notable drill results include:

**41.5 m @ 1.71% Li<sub>2</sub>O**, including 15 m @ 2.18% Li<sub>2</sub>O and 3 m @ 3.6% Li<sub>2</sub>O in hole LE-16-14;  
**21m @ 2.65% Li<sub>2</sub>O** in hole LE-16-13;  
**18.85 m @ 1.35% Li<sub>2</sub>O**, including 8.4 m @ 2.26 Li<sub>2</sub>O in hole LE-16-07; and  
**23 m @ 1.61% Li<sub>2</sub>O**, including 10.5 m @ 2.51% Li<sub>2</sub>O in hole LE-16-03.

Full results are available in Lepidico's announcement on 24 November 2016.

Under the terms of the Lemare Option Agreement, the Group is earning up to a 75% interest in the project from owner Critical Elements Corporation (TSX-V:CRE). To maintain its position, the Group has an initial requirement to spend C\$800,000 on exploration by 31 March 2017 (extended from 31 December 2016 by mutual agreement with CRE) of which approximately C\$450,000 has been spent to date.

During the period, the Group was granted an exploration licence over the Euriowie Lithium Project which covers 49 square kilometres prospective for lithium pegmatites located near Broken Hill, New South Wales. In late October 2016, the Group completed a geochemical survey over the pegmatites in the southern part of the exploration licence. Work comprised reconnaissance prospecting, mapping and regional soil and rock-chip sampling.

Reconnaissance rock-chip sampling identified additional small workings, dubbed Triumph, at which scattered amblygonite float was noted amongst barren pegmatite mullock. Two amblygonite-rich samples collected from the vicinity returned 7.63% Li<sub>2</sub>O and 5.96% Li<sub>2</sub>O. Triumph occurs 500 m SE of the Lady Don workings within a 1 km corridor of intermittent amblygonite mineralisation at surface.

A line of surface soil sampling was completed across the amblygonite rich Trident workings to obtain orientation data on the geochemical response in soils of known lithium/amblygonite mineralisation. Samples were collected every 20 m along a 460m long line. Results from this orientation line confirmed that soil geochemistry at the Euriowie project does reflect lithium mineralisation within pegmatites. At Trident, a consistent zone, up to 200 m wide, returned strongly anomalous values of Li, Cs, Ta (LCT) as well as P, Sn and Rb, with associated minor Be, Nd, Sr and Tl. These results provide a useful pathfinder suite that indicates the presence of an LCT-type mineralised pegmatite system (refer table below).

A further three soil sampling lines were completed across the postulated lithium corridor extending 3 km southwards from the Trident-Lady Don area. In addition, four short rock-chip sampling traverses were completed across outcropping pegmatites within this southern corridor.

Summary of anomalous results from the soil orientation line at Trident:

<b>Element</b>	<b>Width of Anomaly</b>
Li	160m @ > 100ppm with core of 80m @ >200 ppm
Cs	180m @ > 50 ppm
Ta	180m @ > 10 ppm with core of 60m @ > 50 ppm
P	200m @ > 400 ppm with core of 40m @ > 800 ppm
Sn	150m @ > 20 ppm
Rb	100m @ > 300 ppm

Full results are available in the Group's announcement on 6 December 2016.

Following the Company's AGM on 25 November 2016, the Company changed its name from Platypus Minerals Ltd to Lepidico Ltd.

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On 7 November 2016 the Group announced that Lithium Australia NL (LIT) had lodged an “application” with the Supreme Court of Western Australia (the “Proceedings”) seeking declarations that:

- LIT’s rights under certain agreements with Lepidico Ltd’s (formerly Platypus Minerals Ltd) subsidiary, Li-Technology Pty Ltd, remain valid; and
- LIT has the ability to exploit its SiLeach™ process in light of those agreements.

The declarations merely seek to clarify the legal relationship between the Group and LIT and does not impact the Group’s ownership of the intellectual property relating to the L-Max® Process or the Group’s ability to commercialise the L-Max® Process.

On 13 December 2016 the Group announced that its subsidiary lodged its Defence and a Counterclaim in relation to the Proceedings alleging that:

- the SiLeach™ process was developed, without authorisation, using the Group’s intellectual property in the L-Max® technology and/or L-Max® confidential information disclosed to LIT; and
- that LIT has breached a number of clauses under a Licence Agreement entered into with a Lepidico subsidiary.

The Directors are of the opinion that to disclose further detail relating to the claim and/or counterclaim at this time could be prejudicial to the interests of the Group.

During the period under review, the Group received \$3,659,824 in cash proceeds from the non-renounceable rights issue which closed on 30 June 2016.

More specifically, the following significant events occurred during the six months under review:

On 18 July 2016, the Group announced the results of a reconnaissance drilling program completed in late June 2016 at the Pearl Bar and Bridget prospects within the Gobbos project area in the East Pilbara region of Western Australia which confirmed the presence of widespread copper porphyry mineralisation, possibly part of one large system extending over an area in excess of 5km in strike and included the intervening Gobbos prospect. Given the Group’s focused strategy on the lithium sector, Lepidico is investigating opportunities to divest the Gobbos project.

On 25 July 2016, the Group issued 18,514,939 Ordinary Shares to Critical Elements Corporation as per the terms of the Lemare Option Agreement announced on 6 May 2016. The shares equated to C\$500,000 at a C\$:A\$ exchange rate of 0.9524 at the 5 day VWAP post 31 May 2016 of 2.8355 cents per Ordinary Share.

On 4 August 2016, the Group announced it had entered into a Binding Term Sheet (“Term Sheet”) with Canadian listed St-Georges Platinum and Base Metals Ltd (“St-Georges”) to jointly acquire the Royal lithium prospect located 30km north of Val d’Or in Quebec, Canada on a 70:30 relative basis. These terms were subsequently re-negotiated, with St Georges having an option to acquire 100% of the project. The Group will grant St Georges the right to acquire an L-Max® licence for use on the Royal project in exchange for a 10% free-carried interest in Royal. The Group will have the option to increase its interest in Royal to 50%.

On 24 August 2016, the Group announced the appointment of Mr Mark Rodda as a Non-Executive Director.

On 1 September 2016, the Group announced the resignation of Mr Rocco Tassone as a Director.

On 23 September 2016, the Group announced the appointment of Mr Julian (Joe) Walsh as Managing Director and Mr Tom Dukovcic as Exploration Director.

On 14 November 2016, the Group announced the appointment of Ms Shontel Norgate as Chief Financial Officer.

On 18 November 2016, the Group announced it had entered into a Memorandum of Understanding with Argo Metals and Viking Mines to develop a small commercial scale L-Max® plant to process lepidolite concentrate sourced from the Reung Kiet Lithium Project in Thailand.

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**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2016.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'J. Walsh', written in a cursive style.

JOE WALSH  
Managing Director  
Signed at Perth this 21<sup>st</sup> day of February 2017

## MOORE STEPHENS

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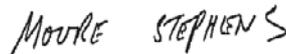
### AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF LEPIDICO LIMITED

As lead auditor for the review of Lepidico Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



**Suan-Lee Tan**  
Partner



**Moore Stephens**  
Chartered Accountants

Signed at Perth this 21<sup>st</sup> day of February 2017

LEPIDICO LTD (formerly PLATYPUS MINERALS LTD)  
 ABN 99 008 894 442  
 AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE  
 INCOME  
 FOR THE HALF YEAR ENDED  
 31 DECEMBER 2016**

	Note	Consolidated Group	
		31 December 2016 \$	31 December 2015 \$
Revenue		-	-
Other income		89,214	112,576
Corporate Costs		(429,609)	(62,650)
Depreciation expense		(2,876)	(2,892)
Employee benefit expense		(363,109)	(100,912)
Exploration expenditure written off		(310,551)	(392,701)
Finance costs		(2,364)	(6,952)
Occupancy Costs		(44,428)	(39,380)
Impairment of available for sale asset		-	(887,513)
Loss from Associate		(6,471)	-
Share based payments		(1,352,083)	(20,000)
Other expenses		(366,629)	(158,188)
Loss before income tax	3	(2,788,906)	(1,558,612)
Income tax expense		-	-
Loss from continuing operations		(2,788,906)	(1,558,612)
Loss attributable to members of the Parent Entity		(2,788,906)	(1,558,612)
<b>Other comprehensive loss</b>		-	-
<b>Total comprehensive loss for the half-year</b>		(2,788,906)	(1,558,612)
<b>Overall Operations</b>			
Basic loss per share (cents per share)		(0.002)	(0.005)
<b>Continuing Operations</b>			
Basic loss per share (cents per share)		(0.002)	(0.005)

The Group's potential ordinary shares were not considered dilutive as the Group is in a loss position.

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 FOR THE HALF YEAR ENDED  
 31 DECEMBER 2016**

	Note	Consolidated Group	
		31 December 2016 \$	30 June 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,091,569	650,260
Trade and other receivables		348,321	3,870,273
<b>TOTAL CURRENT ASSETS</b>		<b>2,439,890</b>	<b>4,520,533</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		36,003	16,003
Property, plant and equipment		10,955	3,743
Exploration expense capitalised	4	1,586,694	562,762
Intangible asset	5	16,340,566	16,203,762
Available for sale assets	6	100,000	100,000
Investment in Associate		3,529	-
Other non-current assets		-	52,035
<b>TOTAL NON-CURRENT ASSETS</b>		<b>18,077,747</b>	<b>16,938,305</b>
<b>TOTAL ASSETS</b>		<b>20,517,637</b>	<b>21,458,838</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		531,457	614,028
Provisions		71,328	32,781
<b>TOTAL CURRENT LIABILITIES</b>		<b>602,785</b>	<b>646,809</b>
<b>TOTAL LIABILITIES</b>		<b>602,785</b>	<b>646,809</b>
<b>NET ASSETS</b>		<b>19,914,852</b>	<b>20,812,028</b>
<b>EQUITY</b>			
Issued capital		27,846,317	27,274,170
Reserves		1,875,333	555,750
Accumulated losses		(9,806,798)	(7,017,892)
<b>TOTAL EQUITY</b>		<b>19,914,852</b>	<b>20,812,028</b>

The accompanying notes form part of these financial statements.

LEPIDICO LTD (formerly PLATYPUS MINERALS LTD)  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF YEAR ENDED  
 31 DECEMBER 2016**

**Consolidated Group**

	Issued Capital		Accumulated Losses	Options Reserve	Total
	Number of shares	Amount \$			
<b>Balance at 1 July 2015</b>	<b>205,674,301</b>	<b>5,630,642</b>	<b>(4,754,667)</b>	<b>415,750</b>	<b>1,291,725</b>
Loss attributable to members of Parent Entity	-	-	(1,558,612)	-	(1,558,612)
Options issued during the half-year	-	-	-	140,000	140,000
Shares issued during the half-year	276,771,443	943,949	-	-	943,949
<b>Balance at 31 December 2015</b>	<b>482,445,744</b>	<b>6,574,591</b>	<b>(6,313,279)</b>	<b>555,750</b>	<b>817,062</b>
<b>Balance at 1 July 2016</b>	<b>1,729,443,773</b>	<b>27,274,170</b>	<b>(7,017,892)</b>	<b>555,750</b>	<b>20,812,028</b>
Loss attributable to members of Parent Entity	-	-	(2,788,906)	-	(2,788,906)
Options issued during the half-year	-	-	-	1,352,083	1,352,083
Transfer of value on exercise of options	-	32,500	-	(32,500)	-
Shares issued during the half-year	21,093,818	539,647	-	-	539,647
<b>Balance at 31 December 2016</b>	<b>1,750,537,591</b>	<b>27,846,317</b>	<b>(9,806,798)</b>	<b>1,875,333</b>	<b>19,914,852</b>

The accompanying notes form part of these financial statements.

LEPIDICO LTD (formerly PLATYPUS MINERALS LTD)  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE HALF YEAR ENDED  
 31 DECEMBER 2016**

	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
<b>Cash flows from Operating Activities</b>		
Receipts from external parties	32,000	8,930
Refund for Research and Development	106,790	-
Payments to suppliers and employees	(1,104,138)	(397,173)
Interest Received	22,850	1,664
Finance costs	(2,364)	(6,952)
<b>Net cash used in operating activities</b>	<b>(944,862)</b>	<b>(393,531)</b>
<b>Cash flows from Investing Activities</b>		
Payments for exploration and development activities	(742,559)	(56,522)
Payments for research and development activities	(246,622)	-
Purchase of Available for Sale assets	-	(80,000)
Investment in Associate	(10,000)	-
Payments for property, plant and equipment	(8,754)	-
<b>Net cash used in investing activities</b>	<b>(1,007,935)</b>	<b>(136,522)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issue of shares (net of costs)	3,366,345	1,030,749
Proceeds from exercise of options	27,761	-
Proceeds of borrowings	-	21,145
<b>Net cash provided by financing activities</b>	<b>3,394,106</b>	<b>1,051,894</b>
<b>Net increase/(decrease) in cash held</b>	<b>1,441,309</b>	<b>521,841</b>
Cash at beginning of financial year	650,260	53,472
<b>Cash at end of financial period</b>	<b>2,091,569</b>	<b>575,313</b>

The accompanying notes form part of these financial statements.

**LEPIDICO LTD (formerly PLATYPUS MINERALS LTD)  
ABN 99 008 894 442  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016**

**Note 1: Summary of Significant Accounting Policies**

**a) Basis of Preparation**

This general purpose interim financial report for the half-year reporting period ended 31 December 2016 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 2016 and any public announcements made by Lepidico Ltd (formerly Platypus Minerals Ltd) during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied are the same as those applied by Lepidico Ltd (formerly Platypus Minerals Ltd) in its annual report for the year ended 30 June 2016.

These financial statements were authorised for issue on 21 February 2017.

**b) Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of the new or amended Accounting Standards applicable to the Group for the first time in the current half-year reporting period 1 July 2016 to 31 December 2016 but determined that their application to the financial statements is either not relevant or not material.

**c) 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.

During the half-year ended 31 December 2016 the Consolidated Group incurred a net loss after tax of \$2,788,906 and a net cash outflow from operating activities of \$944,862. As at 31 December 2016 the Consolidated Group had a surplus of current assets to current liabilities of \$1,837,105. The directors consider the going concern basis to be appropriate because based on prior experience, the Directors are confident of obtaining the required shareholder and investor support if and when required.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that may be necessary should the Company and the Consolidated Group be unable to continue as a going concern.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2016**

**Note 2: Segment reporting**

**Reportable Segments**

The Group operated two reportable segments during the period, being mineral exploration and development of its L-Max technology, which reflects the structure used by the Group's management to assess the performance of the Group

	<b>Mineral Exploration</b>	<b>Technology</b>	<b>Corporate &amp; Unallocated items</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(i) Segment performance</b>				
Half-year ended 31 December 2016				
Revenue	66,364	-	22,850	89,214
Total Loss	245,867	116,924	2,426,115	2,788,906
Half-year ended 31 December 2015				
Revenue	100,000	-	12,576	112,576
Total Loss	1,180,213	-	378,399	1,558,612
<b>(ii) Segment assets</b>				
As at 31 December 2016	1,586,694	16,340,566	2,590,377	20,517,637
As at 30 June 2016	562,762	16,203,762	4,692,314	21,458,838

**Geographical Information**

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>\$</b>	<b>\$</b>
Australia	89,214	112,576
Total Revenue	89,214	112,576
Australia	2,788,906	303,574
Peru	-	1,255,038
Total Loss	2,788,906	1,558,612
	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Australia	19,339,823	21,408,526
Canada	1,073,320	50,312
Portugal	104,494	-
Total Assets	20,517,637	21,458,838

**LEPIDICO LTD (formerly PLATYPUS MINERALS LTD)**  
**ABN 99 008 894 442**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
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**31 DECEMBER 2016**

**Note 3: Loss for the Period**

Loss for the half-year includes the following expenses that are unusual because of their nature, size or incidence:

	<b>Consolidated Group</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>\$</b>	<b>\$</b>
Impairment of available for sale asset	-	887,513
Legal Fees	165,345	-
Exploration expenditure written off	310,551	392,701
Share based payments	1,352,083	20,000

**Note 4: Exploration and Evaluation Expenditure**

	<b>Consolidated Group</b>	
	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Exploration expenditure	1,586,694	562,762
	1,586,694	562,762

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 Group is no longer pursuing.

	<b>Consolidated Group</b>	
	<b>6 months ended 31 December 2016</b>	<b>12 months ended 30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of movements during the period:		
Balance at the beginning of the period	562,762	667,770
Exploration and evaluation costs recognised on acquisition	-	50,312
Exploration and evaluation costs capitalised	1,334,483	259,684
Exploration and evaluation costs written off	(310,551)	(415,004)
Closing carrying value at the end of the period	1,586,694	562,762

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**Note 5: Intangible Asset**

	<b>Consolidated Group</b>	
	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
L-Max® Technology	16,340,566	16,203,762
	16,340,566	16,203,762

The Group acquired the L-Max® Technology as part of the 100% acquisition of Lepidico Holdings Pty Ltd (formerly Lepidico Ltd) on 30 May 2016. The consideration for the acquisition was the issue of 750,000,000 shares in the Company based on the share price at the date of acquisition. The fair value of the technology was deemed to be the excess consideration paid over the carrying value of the net tangible assets acquired. Any change in the market value of the Company's shares had an impact on the value of the consideration paid, and therefore the value attributable to the technology acquired. The value of the technology therefore represented a critical accounting estimate for the year ended 30 June 2016.

The recoverability of the carrying amount of the L-Max® Technology is dependent of the successful development and commercial exploitation or sale of the asset.

	<b>Consolidated Group</b>	
	<b>6 months ended 31 December 2016</b>	<b>12 months ended 30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of movements during the period:		
Balance at the beginning of the period	16,203,762	-
Fair value recognised on acquisition	-	16,141,737
Research and Development costs capitalised	390,513	62,025
Research and Development Tax Credit Receivable	(253,709)	-
Closing carrying value at the end of the period	16,340,566	16,203,762

**Note 6: Other Financial Assets**

	<b>Consolidated Group</b>	
	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Non-current available-for-sale assets		
Shares in listed corporations at fair value	100,000	100,000
Total available-for-sale assets	100,000	100,000

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**Note 7: Contingent liabilities**

Lithium Australia NL

On 7 November 2016 the Group announced that Lithium Australia NL (LIT) had lodged an “application” with the Supreme Court of Western Australia (the “Proceedings”) seeking declarations that:

- LIT’s rights under certain agreements with Lepidico Ltd’s (formerly Platypus Minerals Ltd) subsidiary, Li-Technology Pty Ltd, remain valid; and
- LIT has the ability to exploit its SiLeach™ process in light of those agreements.

The declarations seek to clarify the legal relationship between the Group and LIT and does not impact the Group’s ownership of the intellectual property relating to the L-Max® Process or the Group’s ability to commercialise the L-Max® Process.

On 13 December 2016 the Group announced that its subsidiary lodged its Defence and a Counterclaim in relation to the Proceedings alleging that:

- the SiLeach™ process was developed, without authorisation, using the Group’s intellectual property in the L-Max® technology and/or L-Max® confidential information disclosed to LIT; and
- that LIT has breached a number of clauses under a Licence Agreement entered into with a Lepidico subsidiary.

The Directors are of the opinion that to disclose further detail relating to the claim and/or counterclaim would be clearly prejudicial to the interests of the Group.

Employment Dispute

The Group is involved in a dispute with two individuals who are alleging that they are employees of the Group and that the Group has not complied with the terms of their employment contracts. The Directors believe that the claims have no merit and it is unlikely that the two claimants will succeed in their action and, on consideration of their claims, the Directors are of the opinion that to disclose further detail relating to the claims being made against the Group would be clearly prejudicial to the interests of the Group.

**Note 8: Commitments**

**Operating lease commitments**

	<b>Consolidated Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2016</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Payable – minimum lease payments:</b>		
- not later than 12 months	121,057	27,755
- between 12 months and 5 years	99,567	-

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**Exploration lease commitments**

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	<b>Consolidated Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2016</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Exploration Commitments:</b>		
- not later than 12 months	358,893	1,335,000
- between 12 months and 5 years	1,012,343	5,200,000

**Note 9: Subsequent events**

On 6 February 2017 the Group advised it became aware through an announcement to the ASX dated 6 February 2017 that Lithium Australia NL (ASX:LIT) ("Lithium Australia") intends to make an unsolicited, conditional offer to purchase all of the fully paid ordinary shares in Lepidico.

As at the date of this Report the Group has not received any formal offer.

On 16 February 2017 the Group announced that a diamond drilling program has been agreed for the next phase of drilling at the Lemare Lithium Project, Quebec, Canada. A drill program of up to 2,200 m will commence immediately a rig is sourced and mobilised to site.

Drilling will target the 600 m of spodumene mineralised pegmatite discovered in late 2016 (as announced to ASX on 24 November 2016). An average grade of 2.19% Li<sub>2</sub>O was returned from 11 samples recorded from intermittent pegmatite outcrops along the new zone (ranging from 0.16% Li<sub>2</sub>O to 4.26% Li<sub>2</sub>O).

The drill program has been designed by project owner Critical Elements Corporation (TSX-V:CRE). Pegmatite outcrops that were flagged last season will be cleared of snow and shallow holes drilled to orientate subsequent deeper step out holes.

Under the terms of the Lemare Option Agreement, the Group is earning up to a 75% interest in the project from CRE. To date Lepidico has spent approximately C\$450,000 at Lemare and is required to spend a further C\$350,000 on exploration by 31 March 2017 (extended from 31 December 2016 by mutual agreement with CRE) to maintain its position. A further extension of the initial spend period was discussed with CRE to allow better surface definition of the target zone in the spring. However, as drilling conditions are easier when the ground is frozen it has been agreed that a more cost effective program can be undertaken without compromising drill hole targeting. A first phase 1,000 m will be drilled (for an estimated cost of C\$200,000 in the current quarter) and results assessed before committing to the balance of the program. In the event that the target zone is not intercepted a further programme extension will be sought.

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**DIRECTORS DECLARATION**

In accordance with a resolution of the directors of Lepidico Ltd (formerly Platypus Minerals Ltd), the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 17 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 2016 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.



Julian (Joe) Walsh  
Managing Director

Signed at Perth this 21<sup>st</sup> day of February 2017

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LEPIDICO LTD (formerly PLATYPUS MINERALS LTD) AND ITS CONTROLLED ENTITIES**

### **Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Lepidico Limited which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed 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.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Lepidico Limited 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.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Lepidico Limited's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lepidico Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 other 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.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of Lepidico Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

### Conclusion

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 Lepidico Limited is not in accordance with the *Corporations Act 2001* including:

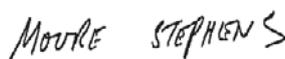
- (i) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

### Emphasis of Matter

We draw attention to Note 5 of the financial report which describes the effect the share price at acquisition date had in determining the consideration paid, and therefore the fair value of the intangible asset acquired and reported at balance date. Attention is also drawn to Note 7 of the financial report which describes the ongoing lawsuit between Li-Technology Pty Ltd, a subsidiary of the Company, and a third party over intellectual property rights relating to the Group's intangible asset. While the future outcome of this lawsuit is uncertain, our conclusion is not modified in respect of these matters.



**Suan-Lee Tan**  
Partner



**Moore Stephens**  
Chartered Accountants

Signed at Perth this 21<sup>st</sup> day of February 2017