



LEPIDICO

ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 30 September 2019

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

Key Points

Operations

- Operating activities at the Karibib Lithium Project in Namibia were fully integrated with Lepidico systems during the quarter, following the successful business combination with Desert Lion Energy.
- An aggressive infill drill programme at the Rubicon and Helikon 1 deposits completed in September 2019, the objective of which is to upgrade the Mineral Resource estimate to Measured and Indicated categories in November 2019.
- Preliminary Karibib mine plan based on the current Rubicon and Helikon 1 Mineral Resources indicates a favourable strip ratio for the first four years of operation of less than 1 to 1.
- Ten day continuous L-Max[®] Pilot Plant trial completed with minimal downtime, processing approximately 3 tonnes of concentrate leach feed continuously at, or close to, design capacity producing over 5,000 litres of lithium sulphate intermediate.
- High specification lithium carbonate grading 99.95% produced from L-Max[®] Pilot Plant trial.
- Engineering work continued to incorporate LOH-Max[™] and the alternative location for the Phase 1 Plant in Abu Dhabi, and is scheduled for completion in December 2019.
- Inaugural Ore Reserves to be estimated for both Karibib and Alvarrões in the March 2020 quarter, paving the way for the key results of the integrated Phase 1 Plant Feasibility Study to be calculated and compiled.
- Regional exploration programme developed to evaluate the lithium and gold potential of the 1,054km² of prospective Karibib Pegmatite Belt held under Exclusive Prospecting Licenses.

Corporate

- Cash and cash equivalents as at 30 September 2019 of \$6.5 million.
 - United States L-Max[®] patent protection received.
 - National and regional patent processes for L-Max[®] and S-Max[™] progressing.
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OVERVIEW & OUTLOOK

Lepidico continues to have a zero-harm track record since health, safety and environmental incident reporting began in September 2016. The Desert Lion Energy business combination closed on 11 July 2019, transforming Lepidico into a vertically integrated lithium development company from mine to chemical conversion plant. Business systems were integrated during the quarter and work commenced to integrate the Karibib Lithium Project (KLP) into the Phase 1 Plant Feasibility Study, the Ore Reserve for which is scheduled for March 2020, with key study results due shortly thereafter. Lycopodium Minerals Pty Ltd (“Lycopodium”) commenced a revised engineering programme to locate the Phase 1 Plant in Abu Dhabi and to incorporate a LOH-Max™ circuit, with designed output capacity of approximately 5,500 tonnes per annum (tpa) lithium hydroxide. This work is scheduled to complete in December 2019.

The ten day continuous L-Max® Pilot Plant trial, Campaign 1, concluded on 18 July with minimal downtime following production of a lithium sulphate intermediate and SOP fertiliser product. More than 500 samples were taken for assay to assess plant and process performance. Results from Campaign 1 confirm the viability of the L-Max® process at this scale and support the Phase 1 Plant design parameters, including an average lithium recovery of more than 90% to the intermediate product liquor. Process optimisation, including improved process control capabilities are expected to lead to higher future recoveries.

Infill drilling of the Rubicon and Helikon 1 deposits was completed in September, with a revised Mineral Resource estimate scheduled for November 2019. A preliminary mine plan and geotechnical assessment was undertaken for the Rubicon and Helikon 1 deposits at Karibib. Geotechnical drilling is scheduled for October along with three further infill drill holes. Comminution and flotation testwork on Karibib mineralisation started in September. Engineering design of the concentrator is scheduled to start in the December 2019 quarter and complete the following quarter.

A design for an Alvarrões concentrator to produce lepidolite, amblygonite and albite concentrates was finalised. A market study for albite sold to consumers in the Iberian Peninsula will determine whether the additional albite circuit will be required in the initial development. The underground mining study for the extraction of Sill P is scheduled to be complete in the December 2019 quarter, paving the way for an inaugural Ore Reserve estimate once cost data is available for the downstream chemical conversion plant.

Consultants have been appointed to update the Karibib Project Environmental Management Plan (EMP) for the Phase 1 Project integrated Feasibility Study. The updated EMP will provide the basis for renewal of the Environmental Compliance Certificate (ECC) due mid-2020. The ECC is due for renewal every three years with the Mining Licence in place for 10 years from 2018. Permit applications are planned to be submitted in January 2020 for the preferred site location for the lithium chemical plant at the Industrial City of Abu Dhabi (ICAD) 2. A consultant has been appointed to manage permitting requirements for ICAD 2, which along with qualification for the various L-Max® products and project financing represent the key critical path elements for the integrated Project.

DEVELOPMENT

Karibib Lithium Project (80%), Namibia, Feasibility Study

Integration of the KLP with Lepidico’s systems commenced on 8 July and was effectively completed by the end of the quarter. Technical work to integrate the KLP with the Phase 1 Project started with transaction close on 11 July, when a Mineral Resource infill drill programme commenced (see Exploration Section). The revised largely Measured and Indicated Mineral Resource estimate continues to be scheduled for completion at the end of November 2019.

A preliminary mine plan was generated during the quarter, which identified that the strip ratio is expected to be less than 1 to 1 for the first four years of mining. A geotechnical review was also

completed which identified the requirement for four core holes to be drilled totalling 270m across the two main deposits. These holes are planned to be drilled in late October. The inaugural KLP Ore Reserve estimate based on Mineral Resources at Rubicon and Helikon 1 is scheduled to be completed in the March 2020 quarter, allowing the Feasibility Study results and findings to be compiled.

Variability samples of the Karibib mineralisation were selected and a comminution and flotation testwork programme started in August. Bond ball mill work index is calculated to be 14.8kWh/t and the Bond abrasion index estimated to be 0.13. Flotation optimisation testing is in progress to evaluate grind size and reagent performance.

A power supply trade-off study has started with both grid and off-grid solutions being considered. Mine waste and water management work are planned to start in November. An Environmental Consultant has been engaged to update and complete the EMP. This will be preceded by baseline monitoring (principally dust) and planning for closure. All environmental workstreams are scheduled to conclude mid-2020 and are not on the project critical path.

Phase 1 Chemical Plant Feasibility Study

Lycopodium continued work on the LOH-Max™ engineering for the Phase 1 Plant as well as the re-engineering for building and operating the chemical plant at ICAD 2. This work is not on the feasibility study critical path and is expected to be finalised in early 2020, to take into account both findings from the recent Pilot Plant trial (see below) and the lithium hydroxide optimisation trials scheduled for November 2019. Rated throughput continues to be 6.9 tph nominal of lepidolite concentrate to produce up to 5,500 tpa of lithium hydroxide, plus by-products of SOP fertiliser and amorphous silica. Importantly the plant design will not contemplate production of sodium sulphate.

A comprehensive review of filter selection and sizing was undertaken following the pilot plant trial with testwork completed in Perth and Germany. It is envisaged that indexing belt filters will be employed in the final plant design with filter sizing work completed in the current quarter. Aside from the filters, equipment procurement work is largely complete with quotations now received for most other capital equipment. Budget quotations for concrete works and structural/mechanical/piping packages are pending. Geotechnical findings are being reviewed to finalise foundation designs.

A suitably sized industrial lot at ICAD 2 adjacent to the Gulf Fluor LLC sulphuric acid plant has been identified and is being evaluated along with available land on the Gulf Fluor site. It is envisaged that a permitting application will be able to be made in January 2020.

In addition to its permitting and environmental approvals workstreams, consultant GHD Global Pty Ltd ("GHD") has completed a gap analysis of existing residue characterisation data against UAE standards for its potential uses in: 1) land remediation/reclamation on hydrocarbon impacted sites (oil industry); 2) building industry (gypsum) applications; and 3) land fill replacement for dredged sand. No major gaps were identified. GHD is now undertaking local market assessments for each potential application. The objective of this work is for the Phase 1 Plant to ultimately become a zero-waste facility.

Completion of the Karibib Ore Reserve estimate planned for the March 2020 quarter will allow key results for the integrated Phase 1 Plant Feasibility Study to be finalised. This will integrate the mine schedule and concentrator design for the Karibib Lithium Project outlined above with the re-engineered Phase 1 lithium hydroxide chemical plant designs for construction at ICAD 2. The Alvarrões Lepidolite Mine in Portugal (see below) continues to be contemplated as a second concentrate feed source, either for the Phase 1 Project or a potential Phase 2 Plant.

Alvarrões Lepidolite Mine (Gonçalo), Portugal¹, Feasibility Study

A geotechnical drilling program was completed in August, which allowed both open pit and underground mine development plans to be completed, including portal, ventilation rise and primary production drive developments for the underground mining of Sill P. This work is now being employed for the estimation of an inaugural Ore Reserve estimate for Alvarrões, which is planned to be finalised in the March 2020 quarter.

Preliminary engineering for a modular and semi-transportable concentrator for Alvarrões has been completed by Lycopodium. The scope for the concentrator design includes an ore feed rate of 200,000tpa to produce both lepidolite and amblygonite concentrates, as well as a feldspar concentrate. A trade-off between manufacturing a feldspar (albite) product versus disposal is now being undertaken.

Environmental Impact Study (EIS) work continued during the quarter. Further EIS work is pending the Ore Reserve estimate and formalisation of a definitive arrangement for the development of Alvarrões with Mota Ceramic Solutions.

Phase 2 L-Max[®] Plant Scoping Study

Plant design work is planned to recommence once the Phase 1 Plant engineering is complete, with the objective of developing a scoping study level capital and operating cost figures for a hybrid LOH-Max[™]/L-Max[®] plant, with configurations ranging from 10,000tpa to 20,000tpa lithium hydroxide. Various locations continue to be evaluated for a Phase 2 Plant, including Walvis Bay in Namibia, which will benefit from lower logistics costs so long as local markets exist for the SOP and amorphous silica by-products.

RESEARCH & DEVELOPMENT

Pilot Plant Development, Perth, Western Australia

Continuous operation of the L-Max[®] Pilot Plant commenced on the 8 July 2019. The leach and impurity removal circuits operated continuously for approximately 200 hours and 250 hours respectively. During this period approximately 3.0 tonnes of concentrate was processed to produce 2.2 tonnes of high silica residue, over 5,000 litres of lithium sulphate intermediate liquor and 2.5 tonnes of residue. The bulk of the lithium sulphate liquor was stockpiled as feed for the planned LOH-Max[™] lithium hydroxide circuit. The remaining lithium sulphate was treated to produce lithium carbonate via the conventional circuit currently installed at the Pilot Plant. The potassium sulphate (SOP fertiliser) recovery circuit operated continuously for more than 100 hours. Over 2,000 litres of brine containing potassium, rubidium and caesium sulphates were produced. This solution was concentrated in the Pilot Plant crystalliser to produce SOP, along with a rubidium and caesium brine.

Average lithium extraction from concentrate feed to lithium sulphate was 94% for Campaign 1. Insoluble lithium losses associated with impurity removal stages averaged just 3% for the entire campaign and were consistently below 2% for extended periods.

Most importantly Pilot Plant Campaign 1 confirmed L-Max[®] viability as a chemical process, as well as the general design parameters for the Phase 1 Plant. The selection of materials of construction and equipment for certain duties are being reviewed and a number of opportunities for process optimisation were identified. The findings from this ongoing work will lead to some modification to the Pilot Plant ahead of a second campaign and are also being fed back into certain more detailed design aspects for the Phase 1 Plant. By way of example, a variety of plastics were tested in the Pilot Plant, with materials suitable for the various applications employed being identified.

A review of the Pilot Plant operating data has identified an opportunity to improve filter efficiency and effectiveness. An associated testwork programme has been completed that selected indexing belt filters as providing the best operability in this application.

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

Lithium carbonate: with a purity of 99.95% was produced from the Pilot Plant in September, with assays received in early October. This compares with a nominal battery grade reference purity of 99.5% for many existing producers (Table 1). Importantly, impurity levels of most deleterious elements for battery grade specifications were below detection limits.

Further improvements in lithium chemical purity are expected to be achievable. However, production of an equivalent high purity lithium hydroxide sample, using the proprietary LOH-Max™ process technology is now the priority.

Table 1: Lithium carbonate assay results from Pilot Plant versus industry benchmarks

Product	Producer					
	Lepidico Pilot Plant	Lepidico Mini-Plant	SQM	FMC	Albemarle	Tianqi
Li ₂ CO ₃ (% min)	99.95	99.9	99.2	99.5	99.8	99.5
Impurity						
SO ₄ (ppm)	<215	134	300	1000	500	800
Na (ppm)	<10	13	600	500	650	250
K (ppm)	<10	14	50	10	-	10
CaCO ₃ (ppm)	159	140	250	1000	400	125
Fe (ppm)	<10	9	-	5	-	20
Moisture (%)	NA	NA	0.20	0.50	0.35	0.40

Source: Roskill and company data (ref: Lepidico ASX Announcement 3 April 2017)

Lithium hydroxide (LiOH): a mini-plant scale LOH-Max™ circuit has been constructed and key consumables have been sourced. Batch production of crude lithium hydroxide is scheduled for late October, which should allow refining to a high purity product during November, with assays expected in December. Lepidico has allocated considerable time to the refining process in this programme, as lithium hydroxide readily reacts with carbon dioxide from the air, necessitating product refining to be undertaken in a carbon dioxide depleted environment.

Sulphate of potash (SOP): was recovered from the L-Max® intermediate product in the pilot plant crystalliser in July. Potassium sulphate of more than 96% purity was produced, equivalent to 52.2% K₂O, a high purity product. Importantly this result also confirms the design parameters for the SOP recovery circuit in the Phase 1 Plant. A specification sheet for product marketing has been produced.

The by-product from the potassium sulphate crystalliser is a mixed rubidium, caesium, potassium sulphate, which was the subject of a separate testwork programme.

Caesium & Rubidium (Cs & Rb): naturally occur in lepidolite, which, when processed using Lepidico's L-Max® technology, report through to one of two non-lithium streams; a brine liquor or an alum-residue. Approximately 100 litres of rubidium-caesium brine was collected during Pilot Plant Campaign 1. This is the first time an adequate quantity of such liquor has been available for product research and development purposes. The brine was concentrated using a Lepidico proprietary process technology to produce intermediate crystallisation products and a brine containing rubidium and caesium sulphates, which was subsequently converted to a formate. The specification of this caesium-rubidium formate appears to meet key criteria for oil and gas industry application (Table 2). Chlorine and sulphate assays are pending. A marketing and qualification process for this material has commenced.

Work is ongoing to produce other caesium and rubidium compounds that have potential application in the oil and gas industry, as well as in the manufacture of perovskite-containing solar cells.

Amorphous silica: a sample of leach residue from Pilot Plant Campaign 1 was split into two with the first sample being submitted for testing and the other milled to P₁₀₀ 25µm, prior to testing. These samples were tested for comparison with commercially available fumed silica and fly ash, and

against the relevant AS, ASTM and BS standards. The American ASTM standards largely apply in the United Arab Emirates for imported silica and fly ash products used in the building industry as pozzolanics.

Table 2: Heavy formate specification from Pilot Plant versus an industry benchmark

Criteria	Lepidico Pilot Plant	Industry Benchmark Specification*
Caesium + rubidium (g/l)	647 + 403	-
Chlorides (ppm)	TBA	<1,000
SO ₄ (ppm)	TBA	<150
Total non-Cs+Rb monovalent cations (ppm)	<7,500	<25,000
Divalent cations (ppm)	<70	<100
Specific gravity	2.3	>2.2
Turbidity/clarity (NTU)	<10	<10
pH	10.2	9-11

*Further detail not disclosable for commercial reasons

The Pilot Plant P₁₀₀ 25µm sample complies with all three standards for fumed silica, including the strength activity index (with the exception of the specific surface area for which results are pending). The 'unmilled' sample does not comply with ASTM C1240-15 standard for fumed silica for particle size, for which less than 10% of the sample mass must be greater than 45µm. Both samples comply with all three standards for fly ash specifications with the exception of AS special grade, for which less than 14% of the sample mass must be greater than 45µm, as well as BS S grade, for which less than 12% of the sample mass must be greater than 45µm. The 'unmilled' sample does not meet this specification however it does for AS Grade 1 and BS N grade. In summary, the pilot plant product meets the relevant standards for certain fly ash materials and could meet standards for fumed silica once pending results are received. Once all data is available a trade-off will be undertaken on milled versus unmilled product and a standard specification will be prepared for marketing.

EXPLORATION

Lepidico's exploration strategy is to identify and secure lithium mica deposits that are capable of providing material quantities of quality L-Max[®] concentrate feed. Lepidico continues to undertake due diligence on other lithium mineral opportunities.

Karibib Lithium Project (80%)

An infill drill programme commenced in early July 2019 with the objective of upgrading the existing Indicated and Inferred JORC Code (2012) compliant Mineral Resource estimate of 8.8 Mt grading 0.6% Li₂O at a 0.20% Li₂O cut-off (see Lepidico ASX Announcement 6 July 2019) into predominantly Measured and Indicated categories. During August up to six diamond core rigs were on site at the Rubicon and Helikon 1 deposits. This aggressive programme was completed on 23 September, with no HSE incidents reported. In total, 85 diamond holes were drilled for 4,888 m of core. Sampling for both deposits is complete, with approximately 3,769 samples submitted for assay. Assay turnaround has been slower than expected, however, the revised Mineral Resource estimate continues to be scheduled for completion at the end of November 2019.

Three additional horizontal core holes are being drilled in late October using an underground rig with horizontal drilling capability, targeting massive lepidolite mineralisation in the exposed footwall zone at Rubicon, the expected location of the starter-pit, where minimal waste mining will be required.

Outside the Rubicon and Helikon loci, which are only 7 km apart, there has been negligible exploration of note, meaning that some 95% of the 1,054 km² of tenure held within the Karibib Pegmatite Belt is unexplored by modern methods. A phased regional exploration programme has

been designed to both: 1) evaluate the 30 plus pegmatites already identified within the properties; and 2) seek additional pegmatite occurrences. The first phase of work is scheduled to start in November, comprising mapping, rock chip sampling, soil geochemistry and portable XRF surveys with the objective of identifying new lithium bearing drill targets and possible gold occurrences.

CORPORATE

As at 30 September 2019, Lepidico had cash and cash equivalents of \$6.5 million.

Desert Lion Energy Business Combination

The previously announced acquisition of all of the outstanding common shares of Desert Lion Energy Inc (“Desert Lion”) successfully closed on 11 July 2019 with 5.4 Lepidico ordinary shares issued for every 1 Desert Lion share (The “Transaction”). Lepidico has maintained its primary listing on the ASX under the code “LPD”, and the Desert Lion common shares have delisted from the TSX-V. Lepidico continues to be headquartered in Perth, Australia and there were no changes to Lepidico’s Board of Directors.

In addition, each Desert Lion option was exchanged for a replacement Lepidico option reflecting the exchange ratio and any outstanding warrants of Desert Lion will be adjusted to allow for the acquisition of Lepidico ordinary shares upon their exercise (also reflecting the exchange ratio). Desert Lion securityholders held approximately 14.8% of the shares in the combined company and 17.8% on a fully diluted basis on closing.

The outstanding convertible notes of Desert Lion have also been adjusted to allow for the acquisition of LPD Shares upon their exercise (reflecting the Exchange Ratio). The Company may therefore issue up to 108,000,000 new LPD Shares upon conversion of the outstanding convertible notes at the election of the holder, on or before 7 December 2020 with a balance of C\$1,000,000 to be repaid in cash on maturity.

On 31 July 2019, the Company issued 13,786,605 new fully paid ordinary shares to Bacchus Capital Advisors in accordance with the terms of its engagement as Corporate Advisor in relation to the Desert Lion Energy Inc business combination at an issue price of \$0.026 per share (Lepidico’s closing share price on 11 July 2019, the day the transaction closed).

Patents

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.

On 16 September 2019, the Company’s L-Max[®] process technology, the subject of International Patent Application PCT/AU2015/000608, achieved another milestone with the United States Patent and Trademark Office advising it issued a Notice of Allowance. The Notice of Allowance shows the patent application is complete and meets all requirements. It is the final step in the long and complex patent process in the US. The L-Max[®] patent application (No 15/514.688) has been fully examined and is allowed for issuance as a patent within the United States of America. Lepidico has paid the remaining fees and the US patent was issued on 22 October 2019. National and regional phase patent applications are well advanced in other key jurisdictions and these processes are expected to continue into calendar year 2020.

On 25 September 2019 the Company filed International Patent Application, PCT/AU2019/051024 in relation to the production of caesium, rubidium and potassium brines and other formates.

Earlier in 2019, the Provisional Patent Application (2019900356) was filed in relation to the LOH-Max[™] Process.

Exploration and Resources

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.

The information in this report that relates to the Alvarrões Mineral Resource estimate is based on information compiled by John Graindorge who is a Chartered Professional (Geology) and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking 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". John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Karibib Lithium Project is based on information compiled by Mr Jeremy Witley, who is a fellow of The Geological Society of South Africa (GSSA) and is registered professional with the South African Council for Natural Scientific Professions (SACNSAP). Mr Witley is the Head of Mineral Resources at The MSA Group (Pty) Ltd (an independent consulting company). Mr Witley has sufficient experience relevant to the style of mineralisation and the types of deposit under consideration, and to the activity he is undertaking, 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 Witley consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

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

Board

Gary Johnson	Non-Executive Chairman
Joe Walsh	Managing Director
Tom Dukovcic	Geology Director
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

Security Transfers Australia Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone +61 (0) 8 9315 2333
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

Issued Share Capital

As at 30 September 2019, issued capital was 4,398,668,407.
As at 25 October 2019, issued capital was 4,398,668,407.

Quarterly Share Price Activity

	High	Low	Close
July – September 2019	2.8c	1.6c	1.6c

Further Information

For further information, please contact

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

NAMIBIAN OPERATIONS, Karibib Lithium Project

Karibib Lithium Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
ML 204	Desert Lion Energy (Pty) Ltd	80%	18/06/2028	69 km ²
EPL 5439	Desert Lion Energy (Pty) Ltd	80%	10/02/2019 ^a	301 km ²
EPL 5555	Desert Lion Energy (Pty) Ltd	80%	03/04/2021	539 km ²
EPL 5718	Desert Lion Energy (Pty) Ltd	80%	26/10/2019 ^b	200 km ²

Notes:

- a. Renewal application submitted; final grant pending partial relinquishment.
- b. Renewal application submitted.

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

99 008 894 442

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,692)	(2,692)
(b) development	(821)	(821)
(c) production	-	-
(d) staff costs	(658)	(658)
(e) administration and corporate costs	(834)	(834)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(4,993)	(4,993)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(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 Acquisition costs associated with Desert Lion Business Combination	(908)	(908)
2.6 Net cash from / (used in) investing activities	(909)	(909)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,660	13,660
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,993)	(4,993)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(909)	(909)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1,217)	(1,217)
4.6	Cash and cash equivalents at end of period	6,541	6,541

As a result of the business combination, and the international nature of the Lepidico business, the Company has intercompany loans denominated in different currencies which are calculated in Australian dollars at the end of each reporting period. As a result the Company will record unrealised foreign exchange gains and losses each reporting period depending on the prevailing exchange rates. These gains and losses will not be realised until such time as the intercompany loans are repaid.

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	6,541	13,660
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,541	13,660

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	1,059
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	

	\$A'000
Salaries	397
Directors Fees	85
Payments to Director Related Entities (Development)	577

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 <i>Add notes as necessary for an understanding of the position</i>	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	892
9.2	Development (net of R&D Tax Credit)	217
9.3	Production	-
9.4	Staff costs (includes exploration and evaluation)	432
9.5	Administration and corporate costs	684
9.6	Other	-
9.7	Total estimated cash outflows	2,225

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	ML204 – Karibib EPL 5439 - Karibib EPL 5555 - Karibib EPL 5718 - Karibib	Direct Direct Direct Direct	Nil Nil Nil Nil	80% 80% 80% 80%

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:


 (Director/Company secretary)

Date: 28 October 2019

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.