



**LEPIDICO**

ASX: LPD

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## QUARTERLY ACTIVITIES REPORT

for the period ending 30 June 2020

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

### Key Points

#### Development

- Definitive Feasibility Study (DFS) reveals attractive Phase 1 Project (P1P) economics, within 12 months of acquiring the Karibib assets, which include a 31% Internal Rate of Return and NPV<sub>8%</sub> of US\$221 million (A\$340 million) ungeared, based on a 14 year production life
- Average P1P output of 4,900 tonnes per annum (tpa) lithium hydroxide monohydrate (87.5% of design capacity) at a competitive C1 cost of US\$1,656/t lithium carbonate equivalent (LCE) and an All in Sustaining Cost (AISC) of US\$3,221/t after by-product credits
- P1P demonstrates low carbon intensity similar to that associated with lithium brine operations along with the modest water intensity of spodumene sourced chemicals and relatively small land use footprint, as well as other favourable sustainability credentials
- Strategic caesium and rubidium high value by-products plus sulphate of potash (SOP) and amorphous silica bulk by-products collectively represent 38% of total revenue, and give aggregate production on a total lithium equivalent basis of over 7,000tpa LCE
- Pre-production capital for P1P of US\$139 million with payback after +3 years of operation; includes contingency of +13% and production capability for all products from commissioning
- Competitive capital intensity of US\$17,400/t LCE on by-product basis, equivalent to US\$27,900/t LCE before credits from other products
- Project is supported by the world's only known JORC Code (2012) (or NI43-101) compliant Ore Reserve estimate for the strategic alkali metals lithium, caesium and rubidium
- Environmental and Social Impact Assessment (ESIA) completed for the Namibian P1P operations, which identifies it as a Category B Project with significant socio-economic benefits, along with advantages from the environmental reclamation of the existing mine sites.

#### Products & Marketing

- Positive engagement with BASF continues; additional Lithium Hydroxide samples requested by prospective customers are now in preparation using Lepidico's Pilot Plant
- Confidentiality agreements signed with 3 caesium-rubidium chemicals manufacturers

#### Corporate and Finance

- Cash and cash equivalents as at 30 June 2020 of \$4.8 million; includes proceeds from oversubscribed Entitlement Offer which closed in May raising gross proceeds of \$3.86 million
  - Multiple sources of debt funding interest for developments in both Namibia and Abu Dhabi, enabled by the integrated P1Ps excellent sustainability credentials
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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.

All workstreams for the P1P integrated DFS were completed, within only 10 months of acquiring the Karibib assets in Namibia. The key results include competitive operating costs and capital intensity along with attractive investment fundamentals (see Development Section below). The Project has a 14 year operating life and is supported by what is believed to be the world's only JORC Code (2012) compliant Ore Reserve estimate for the strategic alkali metals lithium, caesium and rubidium.

The ESIA for the Karibib operations was completed in early July 2020, compliant with the provisions of Namibian mining and environmental legislation and according to Equator Principles and IFC Performance Standards on Social and Environmental Sustainability. Karibib is fully permitted for the re-development of two low strip ratio open pit mines, feeding lithium mica ore to a central mineral concentrator that employs conventional flotation technology. The associated modest footprint maximises the use of disturbed ground from historical operations. Of note the Karibib Project is designated as Category B<sup>1</sup>, which is supportive for relatively streamlined debt funding processes.

Phase 1 workstreams that are now progressing to transition the Project to a Final Investment Decision (FID) by May 2021, include:

- Renewal of the Environmental Compliance Certificate for the Karibib Project following lodgement of the application along with all supporting documents in early July
- Completion of the land lease agreement for the Khalifa Industrial Zone Abu Dhabi (KIZAD) chemical plant location
- Permitting in Abu Dhabi, including an ESIA aligned with the Equator Principles and IFC Performance Standards
- Completion of an independently audited greenhouse gas, water intensity and land footprint intensity assessments for the Project
- A program of work to estimate an Indicated Mineral Resource for the surface stocks at Karibib for inclusion in future Ore Reserves, which have the potential to increase project life by more than two years
- Technical engagement, including further product sample generation with offtake partners for binding agreements for lithium, caesium and rubidium chemicals
- Re-engagement with bulk by-product off-takers following COVID-19 lockdown restrictions lifting
- Full funding package with debt financing advisor Lion's Head Global Partners (LHGP)
- Detailed planning for Project implementation
- Development of scopes of work for the EPCM delivery of both process plants and tender for the EPCM contracts
- Agreements with acid supplier(s) and logistics providers
- Completion of an acid plant engineering study to be fully integrated with the chemical plant

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<sup>1</sup> Category B projects are likely to have limited adverse environmental and/or social impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. Category B projects are considered medium risk. For these reasons, the scope of environmental and social assessment for Category B projects is narrower than that required for Category A projects. Examples of Category B projects may include small to medium scale housing developments in urban areas, restaurants, and light manufacturing: Environmental and Social Policy and Procedures, January 2020, U.S. International Development Finance Corp.

## DEVELOPMENT

### Integrated Phase 1 Project Definitive Feasibility Study

Key results for the vertically integrated P1P Definitive Feasibility Study were released in May<sup>2</sup>. The Study contemplates production and shipment of a lepidolite concentrate from Namibia to the chemical conversion plant to be built in the KIZAD that employs Lepidico's proprietary process technologies, L-Max<sup>®</sup> and LOH-Max<sup>®</sup>. The chemical conversion plant has a concentrate throughput rate of 6.9 tonnes per hour (tph), to produce on average 4,900tpa of nominal battery grade lithium hydroxide monohydrate and a suite of both high-value and bulk by-products. Accounting for these other products as lithium carbonate equivalent gives implied total production of over 7,000tpa LCE. The relatively modest size of Phase 1 for a lithium chemical project is viewed as an important factor for the management of development and operating risks, which tend to increase exponentially with scale.

Investment fundamentals for the P1P include an NPV<sub>8%</sub> of US\$221 million (A\$340 million) and an Internal Rate of Return of 31% ungeared. Operating costs for the integrated Project after credits from by-products are competitive with an average C1 cost of US\$1,656/t LCE and an AISC of US\$3,221/t. Development capital of US\$139 million includes a 13.6% contingency and is split approximately 30/70 between the mine and concentrator in Namibia, and the chemical conversion plant in Abu Dhabi. Capital intensity is industry competitive at US\$27,900/t LCE for an integrated hard rock project and just US\$17,400/t LCE net of by-products.

Lithium hydroxide monohydrate represents 62% of the Project revenue under the assumptions used. The lithium hydroxide monohydrate price forecast has been provided by Benchmark Mineral Intelligence, which averages \$13,669/t over the Project life and reverts to a long-term price of \$12,910/t.

The Capital cost estimates meet the Association of the Advancement of Cost Engineering (AACE) Class 3 requirements for a Feasibility Study, which forms the initial control estimate against which all actual costs and resources will be monitored. The nominal accuracy is +/- 15%. The estimates for the processing plants were prepared by Lycopodium Minerals P/L (LMPL). Underlying engineering is informed by some six years of process development testwork including continuous pilot plant trials conducted in 2019.

Being a purely hydrometallurgical process, L-Max<sup>®</sup> is much less power intensive than convention chemical conversion of spodumene, allowing the integrated Phase 1 Project to have a relatively modest carbon intensity versus the industry, in the range of 5-7t CO<sub>2</sub>/t lithium hydroxide monohydrate after carbon credits from amorphous silica and gypsum. Furthermore, water intensity for the Project is estimated to be modest by industry standards at approximately 50L/kg during the first five years of production, rising to 60L/kg thereafter following the mill expansion in Namibia. The aggregate project footprint is also relatively modest and largely on designated industrial land.

In light of the COVID-19 pandemic the project timeline outlined in the DFS makes allowance for possible longer periods for product evaluation to secure binding offtake agreements and funding, and for longer than normal permitting timeframes in Abu Dhabi. It is assumed that all permits, offtake agreements and a full funding package are secured in the June 2021 quarter, allowing Project implementation to commence. Lepidico has engaged London based LHGP, which has offices in New York, Nairobi and Lagos, and a new office being established in Dubai as Project finance advisor. LHGP is seeking to leverage the Phase 1 Projects excellent Environmental Social and Governance (ESG) credentials to maximise the quantum of competitive Development Finance Institution (DFI) debt funding.

### Karibib Project (80%), Namibia

The Ore Reserves Statement, released in May 2020, was prepared by Australian Mine Design & Development (AMDAD) in accordance with the guidelines of the Australasian Code for the Reporting

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<sup>2</sup> ASX Announcement: DFS Delivers Compelling Phase 1 Project Results, 28 May 2020

of Resources and Reserves 2012 Edition (the “JORC Code 2012”). Ore Reserves total 6.7 million tonnes grading 0.46% Li<sub>2</sub>O, 0.23% rubidium and 320ppm caesium (Table 1). This represents a 60% conversion from Mineral Resources at 11.24 million tonnes, which highlights the potential for further Ore Reserve expansion. Karibib is understood to be the only JORC Code (2012) (or NI43-101) compliant Ore Reserve estimate for both rubidium and caesium globally and therefore represents a unique opportunity for the production of these strategic metals, for which the United States is totally reliant on imports. Furthermore, lithium, caesium, rubidium and potash, the main Phase 1 Project products, are all on the U.S. Government list of 35 Critical Minerals, making the Project strategically significant.

**Table 1: Ore Reserve estimate Phase 1 Project**

Pit	Mt	Li <sub>2</sub> O %	Rb %	Cs ppm	Ta ppm	K %
<b>Rubicon Pit</b>						
Proved	1.38	0.55	0.28	350	50	2.17
Probable	3.94	0.38	0.20	230	40	2.03
Pit Total	5.32	0.43	.022	260	40	2.06
Waste	22.84					
Waste: Ore Ratio	4.30					
<b>Helikon 1 Pit</b>						
Proved	0.55	0.69	0.26	560	60	1.93
Probable	0.85	0.51	0.22	550	80	1.79
Pit Total	1.40	0.58	0.24	550	70	1.85
Waste	2.51					
Waste: Ore Ratio	1.80					
<b>Total Project</b>						
Proved	1.93	0.59	0.28	410	50	2.10
Probable	4.79	0.41	0.21	290	40	1.99
Total Ore	6.72	0.46	0.23	320	50	2.02
Waste	25.35					
Waste: Ore Ratio	3.80					

Source: AMDAD

Karibib is fully permitted for the re-development of two open pit mines feeding lithium mica ore to a central mineral concentrator that employs conventional flotation technology. The Project is being developed under a single Mining Licence (ML 204), which covers 69km<sup>2</sup> that includes the Rubicon and Helikon deposits. Part of the power line for the Project will be developed outside of ML 204 and will have a dedicated servitude for its alignment.

The aggregate waste to ore ratio for mining the Rubicon and Helikon 1 deposits is just 0.5 to 1 for the first two years and 3.8 to 1 life of mine. This brownfield development has a modest footprint of approximately 800 hectares that maximises the use of ground disturbed by the historical operations and not remediated. The ESIA identifies that Lepidico’s closure plan will correct previous environmental remediation shortcomings and make material improvements to the prevailing environment condition.

ML 204 has a granted Environmental Clearance Certificate (ECC) issued by the Environmental Commissioner in the Ministry of Environment and Tourism for a period of three years, and which is valid until September 2020. The renewal process commenced in March 2020. A new ESIA and Environmental & Social Management Plan (ESMP) for the planned Namibian operations were completed in early July 2020 and submitted along with the ECC renewal application.

The ESIA and ESMP were completed by Risk-Based Solutions CC, a leading Namibian environmental consultancy and authored by Dr Sindila Mwiya, who has undertaken more than 200 environmental projects for Namibian, Continental African and International based clients. The ESIA and ESMP are in compliance to the provisions of Namibian mining and environmental legislation and according to Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.

A permit for the annual abstraction of up to approximately 210,000m<sup>3</sup> of groundwater from four boreholes within the Company's licence area was granted in 2017. Water intensity for the Namibian operation during the first five years of production is estimated to be 15L/kg of lithium hydroxide, rising to 25L/kg following the planned concentrator expansion.

### **Chemical Conversion Plant (100%), Abu Dhabi**

Approximately 63,000tpa (wet) of lepidolite concentrate is planned to be shipped from Namibia to the United Arab Emirates (UAE) for chemical conversion. KIZAD is a purpose built industrial free zone adjacent to the Khalifa Port, the main container terminal for Abu Dhabi. Abu Dhabi City is located approximately 70km to the southwest and is serviced by a well developed road network and in the future rail. The plant will be located on a 5.7 hectare plot which is 15km by road to the Port. The plot is expected to be under a 25 year lease.

Power, natural gas, labour and major consumables are all available and competitively priced in Abu Dhabi. Abu Dhabi is also the world's largest producer of sulphur, used in the manufacture of sulphuric acid, which is a key reagent in the proprietary L-Max<sup>®</sup> process. It is planned that acid will be imported for the first three years of operation prior to a dedicated acid plant being built, which will also generate power from waste heat. Furthermore, there are established markets in the UAE region for L-Max<sup>®</sup> bulk by-products, amorphous silica and SOP, making it an ideal strategic location for a chemical conversion plant.

L-Max<sup>®</sup> is a hydrometallurgical process that is much less power intensive than convention chemical conversion of spodumene, allowing the Phase 1 Project to have a modest carbon intensity versus the industry. Opportunities to lower the carbon footprint for the Project to make it best in class have been identified and are being evaluated.

The P1P chemical plant development has been registered with the Environmental Authority of Abu Dhabi, which advised that a Preliminary Environmental Review (PER) is required for permitting rather than a more comprehensive EIA. The PER is scheduled to be completed in the December 2020 quarter. However, an associated ESIA is also planned to be aligned with the Equator Principles and IFC Performance Standards, and in turn support the project financing. Lepidico has appointed environmental consultant GHD to manage the permitting process in Abu Dhabi.

### **Phase 2 L-Max<sup>®</sup> Plant Scoping Study**

Under the P1P DFS a scoping study capital estimate was developed for a nominal 20,000tpa LCE Phase 2 Project. The associated capital intensity was estimated to be US\$16,900/t LCE and just US\$10,500/t LCE on a net of by-products basis. Various locations will be evaluated for the Phase 2 Plant Scoping Study, including Walvis Bay in Namibia, which will benefit from lower logistics costs, so long as local markets exist for the bulk by-products.

## **RESEARCH & PRODUCT DEVELOPMENT**

**Lithium hydroxide Monohydrate (LiOH.H<sub>2</sub>O):** Strategic Metallurgy has made modifications to the back end of the pilot plant in Perth to allow production of larger quantities of nominal battery grade lithium hydroxide with a reference purity of 56.5% LiOH. At the time of writing samples are in the final LOH-Max<sup>®</sup> purification stage and planned to be sent to prospective customers for testing in August.

Discussions with BASF SE (BASF) continued during the quarter under the current Letter of Intent, whereby BASF would be able to purchase lithium hydroxide sourced from Lepidico's integrated Phased 1 Lithium Chemical Project.

**Caesium & Rubidium:** Lepidico has non-disclosure agreements with three prospective customers of caesium and rubidium. Evaluations are being undertaken with two of these to determine the viability of producing alternative chemical products to better meet their respective requirements. It is expected that any change in chemical produced will simplify the Phase 1 Plant design and possibly result in a minor reduction in capital cost.

**Sulphate of potash & Amorphous silica:** in country marketing activities in the UAE have been suspended with engagement undertaken from Australia until Lepidico's Covid-19 travel restrictions are lifted. Multiple consumers have indicated interest in these products.

## EXPLORATION & RESOURCE DEVELOPMENT

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals, including lithium, caesium, tantalum, gold, copper, tungsten and uranium. Exploration during the quarter was hampered by local movement restrictions imposed in response to the Covid-19 pandemic. Work was limited to data evaluations, desktop studies and planning.

### **Karibib Project (80%)**

Work continued on the regional exploration program to evaluate the lithium pegmatite and gold potential within the 1,034 km<sup>2</sup> exclusive prospecting licence areas started in January 2020. A separate program was compiled to further evaluate the broken surface stockpiles at the historical Rubicon and Helikon pegmatite workings.

The Company acquired a suite of government data over the Karibib area to assist regional exploration efforts, including aeromagnetics, radiometrics, geochemical data and aerial orthophotographs. These datasets are informing desktop studies to prioritise ground based exploration work that will commence on easing of Covid-19 travel restrictions. Work programs will include near-mine exploration for LCT-pegmatites (lithium caesium tantalum); and regional exploration for LCT-pegmatites, gold, copper, tungsten and uranium mineralisation.

Resource development will focus on the evaluation of the substantial quantities of broken surface stocks present mainly at the Rubicon site with lesser quantities around the historical Helikon pegmatite workings. Prior evaluation work over these dumps included mechanised trenching, pitting, RC drilling and bulk density determinations. Due to the extensive disturbance of the historical dumps from 2017 to 2019 previous Resource estimates cannot be relied upon.

In their current state, the surface broken stocks at Rubicon and Helikon can only be reported as an Exploration Target of 550,000 t - 700,000 t @ 0.6% - 0.8% Li<sub>2</sub>O. This tonnage and grade is a conceptual estimate as there is insufficient relevant exploration data to estimate a JORC Code (2012) (Code) compliant Mineral Resource and it is uncertain if further work will enable the estimation of a Mineral Resource.

If confirmed, this material could potentially provide two years of additional, low-cost, feed for the P1P concentrator. Lepidico proposes to carry out a program of works with the aim of enabling the surface stocks to be ultimately quantified into a Code-compliant Indicated category Mineral Resource, which would allow its inclusion in future mine modelling. This work will occur in two stages, with Stage 1 enabling the estimation of an Inferred Resource and Stage 2 enabling the estimation of an Indicated Resource.

The proposed work will include extensive grab sampling, mechanised trenching, mechanised semi-bulk sampling, RC drilling of the crushed dumps, bulk density determinations, XRD mineralogy and volumetric determinations.

Depending on Covid-19 restrictions, it is expected that Stage 1 work will be completed in calendar 2020, with Stage 2 work to be completed in the June quarter 2021.

## **CORPORATE**

The health, safety and wellbeing of our people, staff and contractors, is of paramount importance at all times. Additional precautions associated with the COVID-19 pandemic remained in place during the quarter including suspension of all business travel, along with a move to working from home and adherence to local safety protocols in the jurisdictions in which we operate. A nationwide lockdown was implemented by the Namibian Government in March in response to the COVID-19 pandemic. This necessitated Lepidico's workforce in-country to be rationalised.

Further, in response to the changing market dynamics associated with the pandemic Lepidico started the phased implementation of a business austerity plan in early March. All non-essential activities were curtailed. Effective as of 1 April 2020, the Board approved a deferral of all Directors' fees and 20% of senior executives' remuneration.

The geology team was downsized; however key personnel have been retained to meet the requirements of the Phase 1 Project Feasibility Study, to advance desktop regional geology assessments and ensure that all licences remain in good standing. The Company is making good progress on offtake for its products and in assembling a project financing package. The Company will continue to monitor the COVID-19 pandemic and adjust working protocols accordingly to ensure the continued health and safety of our people and preserve the Company's assets.

As at 30 June 2020, Lepidico had cash and cash equivalents of \$4.8 million.

### **Entitlement Offer**

On 14 May 2020 the Company confirmed that the Renounceable Entitlements Offer announced on 20 April 2020 (the "Offer") had been well supported by the Company's shareholders and new investors and closed oversubscribed.

The Offer raised \$3.6 million (before costs) and the Company issued 514,852,045 new shares and 257,426,023 new options in accordance with the Offer timetable. The new options are listed under the ASX code LPDOC.

High demand from new investors resulted in the Company agreeing to place a further 37,215,428 fully paid ordinary shares at \$0.007 with 18,607,714 attaching LPDOC options to raise an additional \$260,508 ("Placement").

The net proceeds from the Offer have been directed towards product development, qualification and offtake initiatives, with lithium, caesium and rubidium being prioritised.

### **Project Finance**

Lepidico has been working with finance advisor LHGP since December 2019. LHGP has specialist capabilities in the key areas for the Phase 1 Project, being Africa, the UAE, Europe and the United States. Soft soundings of prospective debt providers have been completed, which has led to a target debt range of 60% to 70% of the total funding requirement for the integrated Project.

Engagement with commercial banks, DFIs and export credit agencies (ECAs) is ongoing for the Project debt. Particular interest is being shown by organisations that lend to developing countries. Strategic investors are favoured for the equity finance component.

The integrated Project will have operations across two jurisdictions: Namibia and Abu Dhabi; and potential offtake partners across further jurisdictions resulting in various regulatory and fiscal regimes. The structure of the integrated Project therefore requires separate legal entities to be established in each operating jurisdiction, which in turn has led to a split finance structure being contemplated.

### **Patents & Licences**

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

During the quarter, the Company received notification of the grant of the Japanese patent and confirmation of the decision to grant the European patent on 1 July 2020 in relation to the Company's 100% owned L-Max<sup>®</sup> process technology.

The European and Japanese patents, along with the US and Australian patent, takes the number of patents granted to Lepidico for its L-Max<sup>®</sup> process, to four.

National and regional phase patent applications are well advanced in other key jurisdictions. Patent application processes also continue to advance for Lepidico's other proprietary processes including the production of caesium, rubidium and potassium brines and other formates and LOH-Max<sup>®</sup>.

Regional exclusivity clauses with third party licensees of Lepidico's process technologies expired early in the September 2020 quarter.

### **Non-Executive Director resignation**

Effective 9 April 2020 Mr Brian Talbot resigned as non-executive Director of the Company. No new Board appointments are envisaged at this time.

#### **Exploration and Resources**

*The information in this report that relates to the Helikon 1 and Rubicon Ore Reserve estimates is extracted from an ASX Announcement dated 28 May 2020 ("Definitive Feasibility Study Delivers Compelling Phase 1 Project Results") and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.*

*The information in this report that relates to an Exploration Target 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.*

#### **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 & Management

Gary Johnson	Non-Executive Chairman
Joe Walsh	Managing Director
Mark Rodda	Non-Executive Director
Cynthia Thomas	Non-Executive Director
Brian Talbot	Non-Executive Director (resigned 9 April 2020)
Tom Dukovcic	GM Geology
Peter Walker	GM Project Development
Shontel Norgate	CFO & Joint Company Secretary
Alex Neuling	Joint Company Secretary

### Registered & Principal Office

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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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### Issued Share Capital

As at 30 June 2020, issued capital was 5,185,735,038.

As at 27 July 2020, issued capital was 5,185,735,038.

### Quarterly Share Price Activity

	High	Low	Close
April - June 2020	1.19c	0.6c	0.7c

### 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 Project

### Karibib Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
<b>ML 204</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km <sup>2</sup>
<b>EPL 5439</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	27/10/2021	225 km <sup>2</sup>
<b>EPL 5555</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	03/04/2021	539 km <sup>2</sup>
<b>EPL 5718</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	07/05/2022	200 km <sup>2</sup>

## Appendix 5B

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

Name of entity

Lepidico Ltd

ABN

99 008 894 442

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(220)	(2,351)
	(c) production	-	-
	(d) staff costs	(211)	(1,843)
	(e) administration and corporate costs	(391)	(2,898)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	17
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives		1,011
1.8	Other (COVID-19 incentive)	47	47
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(775)</b>	<b>(6,017)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities (Desert Lion acquisition costs)	-	(1,185)
	(b) tenements	-	-
	(c) property, plant and equipment	(1)	(3)
	(d) exploration & evaluation (if capitalised)	(234)	(4,923) <sup>1</sup>

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Cash acquired on Desert Lion acquisition)	-	416
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(235)</b>	<b>(5,695)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,765	3,765
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	75
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(287)	(317)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,478</b>	<b>3,523</b>

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,925	13,660
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(775)	(6,017)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(235)	(5,695)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,478	3,523
4.5	Effect of movement in exchange rates on cash held	(600)	(678)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,793</b>	<b>4,793</b>

1. Full year exploration expenditures have been restated to reflect revised foreign exchange movements on Namibian related exploration work.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,793	2,925
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,793</b>	<b>2,925</b>

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

<b>6. Payments to related parties of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	151
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

<b>Details regarding Item 6.1</b>	<b>\$'000</b>
Salaries	79
Directors Fees	-
Payments to Director Related Entities (Development)	72
	151

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	-	-
7.2	7,500*	0
7.3	5,328**	5,328
7.4	<b>Total financing facilities</b>	<b>0</b>

7.5	<b>Unused financing facilities available at quarter end</b>	7,500*
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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

\*\* The Company inherited a C\$5,000,000 Convertible Note ("Note"), which matures on 7 December 2020, as part of its acquisition of Desert Lion Energy Inc. Under the terms of Note, C\$1,000,000 must be repaid on the maturity date. The remaining C\$4,000,000 may be converted into 108,000,000 Shares at a deemed issue price of C\$0.037 per Share at the discretion of the noteholder on or before 7 December 2020. The Note is secured over the assets acquired by the Company from Desert Lion Energy Inc.

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(775)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(235)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,010)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	4,793
8.5	Unused finance facilities available at quarter end (Item 7.5)	7,500
8.6	Total available funding (Item 8.4 + Item 8.5)	12,293
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	12.2

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

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

### Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: ....27 July 2020.....

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

**Notes**

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