



LEPIDICO

ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 31 December 2020

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

Key Points

Development

- Preliminary Environmental Review completed for the Abu Dhabi Chemical Plant and submitted to the regulatory Authority. This paves the way for the final construction permits required for Project implementation to start in Abu Dhabi.
- Environmental and Social Impact Assessment also completed for the Abu Dhabi Chemical Plant to Equator Principles and IFC environmental and social standards for debt financiers.
- Engineering, Procurement and Construction Management contractor tender process completed mid-January. Contractor selection well advanced and ahead of schedule.
- Offer for supply of 4.5MVA power at 66kV to the Karibib Project accepted, conditional on a commitment to develop. Power line Environmental Impact Assessment completed and Environmental Compliance Certificate stamped.
- Testwork supports 86% lithium recovery to concentrate from former Rubicon tailings, allowing this Indicated Mineral Resource material to be brought into the Phase 1 mine plan.
- Inferred Mineral Resource estimate (JORC Code (2012)) for surface stockpiles at Karibib close to completion.
- Testwork shows that zinnwaldite/polyolithionite mineralisation from St Austell, England is amenable to processing by L-Max[®] and LOH-Max[®], producing high purity lithium hydroxide. This is the nineteenth lithium mica or phosphate deposit successfully evaluated using Lepidico's process technologies.

Products & Marketing

- Confidential discussions progressing with up to 6 lithium hydroxide consumers; analysis of one lithium hydroxide monohydrate sample provided in 2020 should be completed in early 2021
- Considerable interest shown in securing long term supply of caesium-rubidium chemicals from the Phase 1 Project; significant supply constraints envisaged to emerge for these metals in 2021

Corporate and Finance

- Cash and cash equivalents as at 31 December 2020 of \$3.1 million; no debt
 - Strategic collaboration with Cornish Lithium Ltd, including licence agreement for L-Max[®] and LOH-Max[®] technologies for C\$4 million
 - Mandate letter signed with DFC, confirms the Phase 1 Project as Category B regards its environmental and social aspects
 - Multiple sources of debt funding interest for developments in both Namibia and Abu Dhabi, enabled by the integrated P1Ps excellent sustainability credentials
 - LOH-Max[®] acquired, bringing ownership of all process technologies in-house
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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. During the December 2020 quarter many employees and contractors continued to work effectively from home due to the ongoing pandemic, with no COVID-19 cases reported.

Excellent progress continued to be made during the December 2020 quarter on the various Phase 1 workstreams required to transition the Project to development, as outlined below. Furthermore, there is clear evidence from recent discussions with consumers that green shoots are emerging throughout the lithium chemical supply chain with inventories starting to recede and pricing firming.

- ECC for the Karibib Project renewed in early October 2020 for three years following lodgement of the application and supporting documents in early July. All permits are in place for Project development to start in Namibia.
- Preliminary Environmental Review (PER) for the Phase 1 Chemical Plant site within the Khalifa Industrial Zone Abu Dhabi (KIZAD) completed and submitted. A Musataha Agreement (licence to construct) for the selected Plant site is currently under review.
- An ESIA for the Chemical Plant, aligned with the Equator Principles and IFC Performance Standards has been finalised and provided to Project lenders.
- Independent greenhouse gas assessment for the Project progressed, with completion scheduled in the March 2021 quarter.
- De-sliming and flotation testwork on tailings from previous processing at Rubicon indicates a recovery to concentrate of 86%. A revised JORC Code (2012) Indicated Mineral Resource estimated for this material is close to completion.
- Completion of the Inferred Mineral Resource estimates for the surface lepidolite stockpiles at Karibib expected to be completed in February 2021. Work will start immediately to upgrade this material to Indicated category.
- Lepidico has been advised by one prospective customer that its analysis of a lithium hydroxide monohydrate sample provided in 2020 should be completed in early 2021. The Company is now in confidential discussions with up to 6 lithium hydroxide consumers and 4 caesium /rubidium consumers.
- Scopes of Work for an early services programme and Front End Engineering & Design (FEED) are being developed with the objective of bringing forward these critical path activities. FEED will only start once the EPCM contract has been awarded.
- EPCM tender process for both the Karibib concentrator and Abu Dhabi chemical plant closed mid-January. Contractor selection is on track for the March 2021 quarter, allowing an investment decision for the early services programme to be considered.
- Consultant appointed in the UAE for arranging bulk by-product (SOP, amorphous silica and gypsum) off-take, as local COVID-19 restrictions eased but international travel restrictions remain in place.
- Lion's Head Global Partners (LHGP) has continued to advance debt financing initiatives with a mandate letter executed with Development Finance Corporation (DFC) and due diligence continuing with other Development Financing Institutions (DFIs) and commercial lenders.

DEVELOPMENT

Karibib Project (80%), Namibia

Karibib is understood to be the only Ore Reserve estimate (JORC Code (2012) or NI43-101) 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 products, are all on the U.S. Government list of 35 Critical Minerals, making Lepidico's technologies and the Project strategically significant. Karibib is fully permitted for the re-development of two open pit mines at Rubicon and Helikon 1, feeding lithium mica ore to a central mineral concentrator that employs conventional flotation technology.

Terms for supply of 66kV power to the Project were received from a local utility. A power supply agreement is now being drafted. Access to national grid power provides the most competitive tariff. The national grid in Namibia has significant contributions by solar and hydro. The EIA for the Project power line was completed during the quarter and submitted for review to the Ministry of Environment. The power line is included in the Karibib Operations ESIA and ESMP completed in July 2020, which comply with the provisions of Namibian mining and environmental legislation, and accord with the Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.

Consideration is being given to start an early services programme prior to selection of an EPCM contractor to shorten the Project development time. Preparations are also being made to start FEED works upon signing of an EPCM contract.

Discussion on the selection of an EPCM contract for the mineral concentrator is covered in the following section.

Chemical Conversion Plant (100%), Abu Dhabi

During the September 2020 quarter the Company established an incorporated subsidiary in Abu Dhabi, Lepidico Chemicals Manufacturing Ltd, and a pre-operations Industrial Licence was awarded for the Phase 1 Chemical Plant site within KIZAD. This license is a precursor to a Musataha Agreement, which entitles its holder to construct a building or to invest in, mortgage, lease (for up to 50 years) or sell or purchase a plot of land belonging to a third party.

In June 2020, the Environmental Authority of Abu Dhabi advised that a PER is required rather than a full EIA, testament to the Project's modest environmental and social impacts. The PER as well as an ESIA were completed on schedule in December 2020, with the former submitted to the regulator for review. Acceptance of the PER will allow a Musataha Agreement to be entered into. As for the Karibib Operations, the Chemical Plant ESIA has been completed to Equator Principles and IFC (Performance Standards) environmental and social standards to support the debt funding strategy. The Chemical Plant ESIA has been made available to debt financiers.

The greenhouse gas (GHG) assessment for the integrated Phase 1 Project that started in September 2020 is on schedule for completion in the March 2021 quarter. The assessment will address IFC Scope 1 and 2 inventory and benchmarking and will comply with the GHG Reporting Protocol methodology. This Protocol is published by the World Business Council of Sustainable Development (Geneva based coalition of 170 international companies) and the World Resources Institute (US based NGO). It is planned that a complete Life Cycle Analysis (LCA) to ISO14044, which requires Scope 3 quantification (upstream and downstream emissions including construction) and data validation will be undertaken once sufficient relevant data becomes available during early operations.

A request for tender process for both the Chemical Plant in Abu Dhabi and the Karibib concentrator EPCM closed in mid-January. Tender documents are now being reviewed. Lepidico has developed a scope for an early services programme with the objective of bringing forward investment in these critical path activities. Preparations for an early commitment to FEED works are also being made, with an investment commitment considered once the EPCM contract has been awarded.

Phase 2 L-Max[®] 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

The Company remains in confidential discussions with up to 6 lithium hydroxide consumers and 4 caesium/rubidium consumers. There is clear evidence from lithium chemical consumers that green shoots are emerging throughout the supply chain with inventories starting to recede. This is further supported by lithium chemical prices firming recently and many commentators indicating that the market is in the process of transition from surpluses back into deficits.

Lepidico has been advised by one prospective customer that its analysis of a lithium hydroxide monohydrate sample provided in 2020 should be completed in early 2021, allowing offtake discussions to advance. It is understood that the analysis process was disrupted by the ongoing pandemic. Further lithium hydroxide samples are being prepared for dispatch from the Company's existing inventory in Perth for analysis by other consumers.

Lepidico continues to closely monitor the caesium and rubidium markets globally, with significant supply constraints envisaged to occur in 2021, as pollucite concentrate inventories sourced from now depleted mines are consumed. Lithium mica ores now represent the only material near term source of the strategic metals caesium and rubidium, both of which are designated as Critical Minerals by the U.S. State Department and for which the United States is entirely reliant of imports. Further samples of caesium sulphate and rubidium sulphate are now being manufactured, for dispatch to consumers in the March 2021 quarter, from intermediate material stockpiled from the 2019 pilot plant campaign.

Marketing activities for the 13,000tpa of sulphate of potash (SOP), 35,000tpa of amorphous silica and approximately 70,000tpa of gypsum residue resumed in January 2021 with the appointment of a consultant in the UAE. The objective of this engagement is to establish formal agreements with one or more companies located in the region for the purchase of each of the bulk by-products.

Third Party Programs

A five month testwork program including L-Max[®] and LOH-Max[®] amenability batch trials was successfully undertaken by Strategic Metallurgy for Cornish Lithium, with results received in October 2020. Importantly, this work was conducted on a zinnwaldite/polyolithionite mineralisation sample with high extraction rates achieved for the contained monovalent cations, lithium, caesium, rubidium and potassium. This is the 19th lithium mica/lithium phosphate deposit successfully tested using L-Max[®]. This work further develops Lepidico's process technologies for application more broadly across the various lithium mica mineral species. Refer "Strategic Collaboration with Cornish Lithium Ltd" in the Corporate section below for further details.

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, rubidium, tantalum, gold, copper, tungsten and uranium. Exploration during the quarter continued to be hampered by local movement restrictions imposed in response to the COVID-19 pandemic. Work completed includes metallurgical testwork on the Rubicon tailings, a portable XRF analysis of regional soil samples and field inspection of conceptual LCT (Lithium Caesium Tantalum) pegmatite targets.

Karibib Project (80%)

Rubicon Tailings

Approximately 70,000t of tailings from historical petalite processing are present at Rubicon. A program of metallurgical testwork to determine the suitability of this material for processing by L-Max[®] was completed in the quarter with excellent results reported. A composite, made up of ten samples collected from across the dump was subjected to flotation testwork and XRD analysis. A flotation concentrate containing 2.7% Li₂O was produced with 86% recovery. Mineralogical analysis by assay validated XRD shows the concentrate contains 22% lepidolite and 56% muscovite and/or lithian muscovite. Petalite was not recorded. These results will be used to inform a revised Mineral Resource estimate in February 2021, reported in accordance with the JORC Code (2012) and which should allow inclusion of this relatively high-grade material into the mine plan.

Surface Stockpiles

A quantity of broken lepidolite-bearing mineralisation sits on surface at Rubicon and Helikon, representing mine 'waste' from historical petalite operations, which ceased in the mid-1990s. An initial sampling program over the Rubicon stockpiles has been completed to enable the estimation of an Inferred level Mineral Resource in accordance with the JORC Code (2012). Assay results are currently under review, with the revised Inferred estimate expected in February 2021, which will then allow work to start on an Indicated level Mineral Resource estimate.

Near Mine Exploration

Portable XRF analysis of rubidium (Rb) in soil samples can be used to identify the presence of lepidolite-bearing LCT type pegmatites and thereby bypass the time-consuming and relatively expensive step of multi-element soil geochemistry.

During the quarter, 220 soil samples were analysed for Rb by pXRF. These soils were collected in a previous program along four lines 5 km NE of Rubicon. Notable Rb anomalism (>110 ppm; max. 331 ppm) was recorded on each line. Consequently, 102 samples were sent for multi-element geochemical analysis to verify actual Li, Rb, Cs, Ta and other metal contents, with results expected in February 2021.

Regional Exploration

Lepidico has developed a novel targeting tool that is aimed at identifying possible areas of concealed (under cover or sub-cropping) Li-mineralised pegmatites. The method successfully identified the Rubicon and Helikon pegmatites as well as the nearby Otjua mineralised pegmatite.

To date, 23 new pegmatite targets have been identified within EPL 5439, within which the Rubicon and Helikon deposits are located. This target generation work is ongoing, and will extend into EPL 5555 and EPL 5718 over the next 6 months.

During the quarter, field inspection of 8 pegmatite targets was undertaken with encouraging results returned. The next phase of work, planned to start in the March 2021 quarter, will involve pXRF and geochemical analysis of soils and rock chips to confirm the potential for lithium mineralisation.

During the past 6 months, desktop studies have been undertaken to understand regional and/or structural controls on the location of both LCT pegmatites and gold mineralisation. Known nearby gold occurrences at the Navachab gold mine and the recent discovery at Twin Hills (Osino Resources Corp) have been used to model potential targets within the Company's Karibib tenure.

Field programs to evaluate these gold targets, including localised soil geochemical surveys are planned to be undertaken during the first half of 2021.

CORPORATE

The health, safety and wellbeing of our people, staff and contractors, remains of paramount importance. The 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.

Further, Lepidico's business austerity plan remained in place for the quarter with travel suspended and all non-essential activities were curtailed. The deferral of all Directors' fees and 20% of senior executives' remuneration, introduced on 1 April was lifted on 1 January 2021, with deferred remuneration paid in January 2021, as austerity conditions were lifted.

The geology team advanced desktop regional geology assessments and ensured that all licences remain in good standing. The Company continues to make 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 31 December 2020, Lepidico had cash and cash equivalents of \$3.1 million. The Company received an R&D tax credit of \$1.2 million during the December 2020 quarter.

Project Finance

The Phase 1 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 Phase 1 Project therefore requires separate legal entities to be established in each operating jurisdiction.

Lepidico Chemicals Namibia (Pty) Ltd (LCN), an 80% owned subsidiary, will develop and operate the Karibib Project while the newly formed, Lepidico Chemical Manufacturing Ltd (LCM), a 100% owned Abu Dhabi subsidiary will develop and operate the Phase 1 Chemical Plant. LCM will enter into a Concentrate Sales Agreement with LCN to acquire concentrate on commercial terms. LCM will also enter into offtake/sales Agreements for the sale of lithium hydroxide and the various by-products.

As Lepidico is looking to develop a first-of-a-kind project, LHGP, Lepidico's financial adviser, advised that a bespoke financing structure should provide an overall reduced cost of funding and accommodate strategic investors into the Phase 1 Project. The financing strategy remains to target investors with a strategic interest in financing each of the two components of the Project.

In October 2020, the United States International Development Finance Corporation (DFC) completed a preliminary review of the project proposal and application for financing for the lepidolite mining and processing project in Namibia and confirmed its interest in pursuing further its analysis of this upstream part of the Project.

Following receipt of an indicative, non-binding term sheet from DFC to provide the required debt funding for the Karibib Project in Namibia, the Company formally retained DFC to undertake an in-depth analysis and evaluation of the Project to determine whether the Company qualifies for DFC financing.

LOH-Max[®] acquisition

During the quarter, Lepidico completed the acquisition of Bright Minz Pty Ltd ("Bright Minz") through its wholly-owned subsidiary, Lepidico Holdings Pty Ltd, to acquire all of the issued capital of Bright

Minz. Bright Minz is the holder of the LOH-Max[®] process technology which was developed for the production of high purity lithium hydroxide monohydrate from a lithium sulphate intermediate.

In addition to the cash payment of \$10,000 (as reimbursement to the shareholders of Bright Minz for establishment costs incurred by them), a royalty deed was executed entitling the previous shareholders of Bright Minz to a trailing royalty in relation to any third party LOH-Max[®] licences entered into by the Lepidico Group after 1 January 2021.

The Lepidico Group retains the right to use LOH-Max[®] royalty free.

Convertible Note

On 7 December 2020, the Company repaid in full the C\$5 million convertible note held by AIP Global Macro Fund L.P.

The repayment of the note was funded from proceeds received from the strategic collaboration and technology licence agreement with Cornish Lithium Ltd, and the Company's 2020 R&D tax credit. Following the repayment of the convertible notes, the Company's assets are unencumbered and it has no further debt.

Strategic Collaboration with Cornish Lithium Ltd

On 7 December 2020, the Company announced it had entered into a strategic collaboration with Cornish Lithium Ltd ("CLL"), a UK registered private company pioneering the development of lithium mica deposits within the large St Austell granite complex in Cornwall, UK. The collaboration will focus on fast tracking the development of a new lithium chemical manufacturing centre with industry leading environmental and social attributes, using Lepidico's suite of eco-technologies and the geothermal energy potential in the Cornwall region.

Lepidico granted CLL an exclusive technology licence covering approximately 93km² of the St Austell granite region. The technologies include the proprietary L-Max[®], LOH-Max[®] and caesium rubidium manufacturing processes, which provide excellent environmental attributes versus conventional process technology. The technology suite allows lithium mica minerals to be converted into a range of fine alkali metal chemicals including nominal battery grade lithium hydroxide, without the requirement for energy intensive roasting and calcination, and without production of potentially problematic sodium sulphate.

In recognition of the collaboration to pioneer Lepidico's technologies on zinnwaldite and polyolithionite mineralisations several one-off special terms were included in the licence; including, up to a 15 year royalty holiday, a concessionary royalty rate of 1.5% of gross revenue from all chemical conversion plant products and geographic exclusivity over the St Austell granite. The consideration for the licence and technology data package was C\$4 million.

In addition, Lepidico issued CLL 100 million options to acquire fully paid ordinary shares with a two year expiry and a strike price of A\$0.016, a 100% premium to Lepidico's last closing price prior to execution of the transaction.

Patents & Licences

Lepidico submitted an international patent application (PCT/AU2015/000608) for the L-Max[®] Process under the Patent Cooperation Treaty administered by the World Intellectual Property Organisation in October 2015. On 8 February 2017, the L-Max[®] process was granted a Certification Report of Innovation Patent (number 2016101526) in Australia.

As at 31 December 2020, the Company holds granted patents in the United States, Europe, Japan and Australia. National and regional phase patent applications are well advanced in the remaining other key jurisdictions and these processes are expected to continue into calendar year 2021.

In mid-January 2021, the Company was issued with a US patent for its process technology for lithium recovery from phosphate minerals, which include amblygonite. The patent adds a further process technology to the Company's suite of technologies.

In addition, international patent applications are held for LOH-Max[®] under PCT/AU2020/050090, S-Max[®] under PCT/AU2019/050317 and PCT/AU2019/050318 and for the production of caesium, rubidium and potassium brines and other formats under PCT/AU2019/051024.

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 Exploration Results or to an Exploration Target is based on information compiled by Mr Tom Dukovcic, who is a full-time 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
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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+61 (0) 2 9698 5414
Email: hello@automicgroup.com.au
Website: www.automicgroup.com.au

Issued Share Capital

As at 31 December 2020, issued capital was 5,185,735,038.
As at 28 January 2021, issued capital was 5,185,735,038.

Quarterly Share Price Activity

	High	Low	Close
October - December 2020	1.0c	0.7c	1.0c

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
ML 204	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km ²
EPL 5439	Lepidico Chemicals Namibia (Pty) Ltd	80%	27/10/2021	225 km ²
EPL 5555	Lepidico Chemicals Namibia (Pty) Ltd	80%	03/04/2021	539 km ²
EPL 5718	Lepidico Chemicals Namibia (Pty) Ltd	80%	07/05/2022	200 km ²

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")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers/licence holder	4,084	4,084
1.2 Payments for		
(a) exploration & evaluation (expensed)	-	-
(b) development	(100)	(201)
(c) production	-	-
(d) staff costs	(222)	(395)
(e) administration and corporate costs	(653)	(891)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,244	1,244
1.8 Other (COVID-19 incentives)	25	53
1.9 Net cash from / (used in) operating activities	4,378	3,894

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(10)	(10)
(b) tenements	-	-
(c) property, plant and equipment	(10)	(12)
(d) exploration & evaluation (capitalised)	(172)	(423)
(e) investments	-	-
(f) other non-current assets	-	-

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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(192)	(445)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	111	111
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings (convertible debt securities)	(5,176)	(5,176)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(5,065)	(5,065)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,025	4,793
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,378	3,894
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(192)	(445)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5,065)	(5,065)

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(39)	(70)
4.6	Cash and cash equivalents at end of period	3,107	3,107

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,107	4,025
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,107	4,025

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	101
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.

Details regarding Item 6.1	\$'000
Salaries	76
Directors Fees	-
Payments to Director Related Entities (Development)	35
	<u>101</u>

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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 Loan facilities		
7.2 Credit standby arrangements *	Up to 7,500	
7.3 Other	-	-
7.4 Total financing facilities	Up to 7,500	-
7.5 Unused financing facilities available at quarter end		Up to 7,500
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.		
<p>* 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).</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	4,378
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(172)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	4,206
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,107
8.5 Unused finance facilities available at quarter end (item 7.5)*	Up to 7,500
8.6 Total available funding (item 8.4 + item 8.5)	10,607
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: Although the Company has positive relevant outgoings at Item 8.3 it provides the following information due to the nature of the cash from operating activities during the quarter.	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: No – the entity received operating inflows of \$4.1M relating to the issue of a technology licence for its proprietary technology and \$1.2M relating to its R&D tax refund. If these inflows are excluded the Company had net cash used in operating activities of \$950,000, which would result in Item 8.3 being total relevant outgoings of \$1,122,000. Item 8.7 would then reflect estimated quarters of funding available as 9.45.</p>	

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

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

Answer:

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

Answer:

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

Compliance statement

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

Date: .28 January 2021.....

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.