



LEPIDICO

ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 30 June 2021

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

Key Points

Development

- Phase 1 Project transitioned to the development phase in May, a major milestone
- Lycopodium started Stage 1 EPCM works for the vertically integrated Phase 1 Project flotation plant in Namibia as well as the chemical conversion facility in the UAE; FEED works are on schedule for completion in the December quarter
- Mechanical and electrical specifications have been finalised; bid lists for all equipment packages have already been completed; and long lead equipment packages issued for tender
- Geotechnical investigations for the Karibib flotation plant have been completed; site works are scheduled to start March 2022 quarter
- Karibib and KIZAD sites are shovel ready; all major environmental permits and approvals are in place
- Greenhouse gas assessment report completed by leading industry consultant GHD; "...emissions intensity associated with the Phase 1 Chemical Plant is low compared with other lithium hydroxide production facilities"; opportunities for substantial reductions identified
- "Substantial Scope 3 CO₂ emissions savings identified from amorphous silica and SOP, with further unquantified savings from caesium and rubidium"
- Lepidolite and lithium muscovite intersected in the drilling of two first order near mine site exploration targets with assays pending; further priority targets being drilled in the current quarter

Products & Marketing

- Unsolicited inbound interest for lithium hydroxide supply received from a tier one consumer; confidential discussions advancing well for offtake of lithium hydroxide by multiple manufacturers within the electric vehicle supply chain
- Proposals received for upgrading the L-Max[®]/LOH-Max[®] pilot plant and operation of a further campaign to generate customer samples; commitment conditional on satisfactory offtake terms being agreed
- Confidential discussions advancing with multiple consumers for long-term offtake of caesium-rubidium chemicals from the Phase 1 Project; significant caesium market deficit to emerge later in 2021 with the Phase 1 chemical plant representing the only material source of new supply

Corporate and Finance

- Well-funded with cash and equivalents as at 30 June 2021 of \$14.7 million and no debt
 - U.S. International DFC appointed BDA as its independent engineer
 - Financial stress testing for project lenders reveals robust economics
 - Provisional patent application for the lithium carbonate recovery process filed
-

OVERVIEW & OUTLOOK

Lepidico continues to have a zero-harm track record since health, safety and environmental incident reporting began in September 2016. During the June 2021 quarter most employees and contractors continued to work effectively from home due to the ongoing pandemic. However, an increase in reported COVID-19 cases in Namibia temporarily closed the Karibib site. The camp reopened on 12 July and exploration activities have resumed.

A major milestone was reached in May when the Phase 1 Project transitioned to the development phase, demonstrating Lepidico's confidence that key product supply agreements and project funding are on the near horizon. Lithium chemical prices continue to rise on the back of a strengthening demand outlook and predictions that a fundamental supply deficit will emerge later this year. Benchmark Mineral Intelligence now forecasts demand to grow seven-fold to 2.3 million tonnes over the ten years to 2030, with a market deficit growing to around one million tonnes, three times 2020 global supply. This makes for a very positive industry environment as we bring Phase 1 onstream.

- Engineering Procurement & Construction Management (EPCM) contracts for the Phase 1 concentrator and chemical plant were awarded to Lycopodium Minerals Pty Ltd (Lycopodium); early services and Front-End Engineering and Design (FEED) work started in May 2021.
- Next milestones for these EPCM Stage 1 development works are (i) receipt of tenders later this quarter for the four long lead equipment packages and (ii) delivery of the Project control estimate on completion of FEED scheduled for later in the December quarter. This will allow Stage 2 implementation to start the following period, subject to finance.
- All major environmental permits are now in place for Project developments to start in both Namibia and Abu Dhabi. Execution of the Musataha (licence to construct) with Abu Dhabi Ports is planned to coincide with securing full funding for the Project.
- Geotechnical investigation for the Karibib flotation plant has completed allowing tender documents for bulk earthworks to be drafted. Tenders will shortly be sought for award in the December quarter. As much of the site infrastructure is already developed, including the Helikon haul road and water infrastructure, earth works do not need to start until early 2022.
- Scope 1 and 2 greenhouse gas emissions estimates for the Phase 1 chemical plant were described by environmental consultant GHD Pty Ltd (GHD) as being, "low compared with other lithium hydroxide production facilities". Mine and concentrator emissions are also modest, in line with other hard-rock sources of lithium minerals. Substantial Scope 1 and 2 emissions savings also identified, with an initial 2.0 tCO₂-e /t reduction targeted.
- Phase 2 Project Scoping Study activities in the quarter include identification of strategic site locations for a chemical plant in the United States. It is evident that fiscal terms may be negotiated for certain sites that could provide similarly favourable outcomes to those in Abu Dhabi.
- Drilling resumed at Karibib with the objective of expanding the Mineral Resource base to support the Phase 2 Scoping Study; extensions to existing Resources and new targets are being tested.
- Lithium chemical supply discussions are progressing well with three consumers, with a target date agreed with one for a binding agreement that fits with Lepidico's development schedule.
- Supply negotiations for caesium and rubidium chemicals have expanded following the appointment of a senior chemical industry consultant during the quarter, with binding offtake agreements targeted for the next quarter.
- Sulphuric acid supply tender progressing well for award in the September 2021 quarter.
- U.S. International Development Finance Corporation (DFC) has appointed Behre Dolbear Australia Pty Ltd (BDA) as independent engineer for its confirmatory due diligence, which is progressing well.

DEVELOPMENT

Karibib Project (80%), Namibia

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. Major permits include the Mining Licence (ML204), water extraction permit and Environmental Compliance Certificates (ECC) for the Project, and a separate ECC awarded for the overhead power transmission line.

Lycopodium started early services works for the Karibib concentrator in May and FEED activities in June. Two long lead item equipment packages were awarded for tender, for the ball mill and thickener. Positive responses have been received from all tenderers, with equipment selection scheduled for later this quarter. The control estimate for construction is on track to be finalised during the December 2021 quarter, confirming the project schedule and budget.

Knight Piésold started on the infrastructure engineering package in May, which includes: access road upgrade, construction of on-site roads, Rubicon waste management area starter pad construction, site water management structures and bulk earthworks pads for the concentrator, non-process buildings and stockpile areas. The geotechnical investigation for the flotation plant has been completed, and the pad design finalised and handed over to Lycopodium.

The power supply system design is underway and the design of the Rubicon high voltage substation has started. Solar and hydro power already make significant contributions to the Namibian national grid with more committed renewables capacity to come on-stream. It is expected that 80% of grid power will be from renewable sources by 2025. Further solar projects are also being planned.

Site works at Karibib are scheduled to start early in the March 2022 quarter. A considerable tonnage of high-grade in-situ lepidolite mineralisation is exposed at surface at Rubicon with minimal requirement for mining of waste. Ore mining is planned to start in November 2022, ahead of concentrator commissioning.

Chemical Conversion Plant (100%), Abu Dhabi

The Phase 1 Chemical Conversion Plant is largely permitted with environmental approval to construct granted and land lease terms agreed. The Musataha lease agreement is planned to be executed once finance is in place.

A UAE based consultant has been appointed to manage the building permit process with the Abu Dhabi Municipality and Abu Dhabi Ports. Site investigation including geotechnical drilling is progressing for the plant and associated infrastructure, with input from Lycopodium to finalise the earthworks engineering scope.

Lycopodium was awarded the EPCM contract for the chemical plant, which employs Lepidico's proprietary processes technologies that include L-Max[®] and LOH-Max[®]. Early services and FEED works have started, with long lead equipment packages for the filters and crystallisers issued for tender. All tenderers have provided positive responses, with equipment selection on track for later this quarter. As for the concentrator, the control estimate for chemical plant construction is scheduled to be finalised during the December 2021 quarter.

Sulphuric acid represents the largest single consumable and operating costs for Phase 1, with award of a three year supply contract on-track for award in the September 2021 quarter.

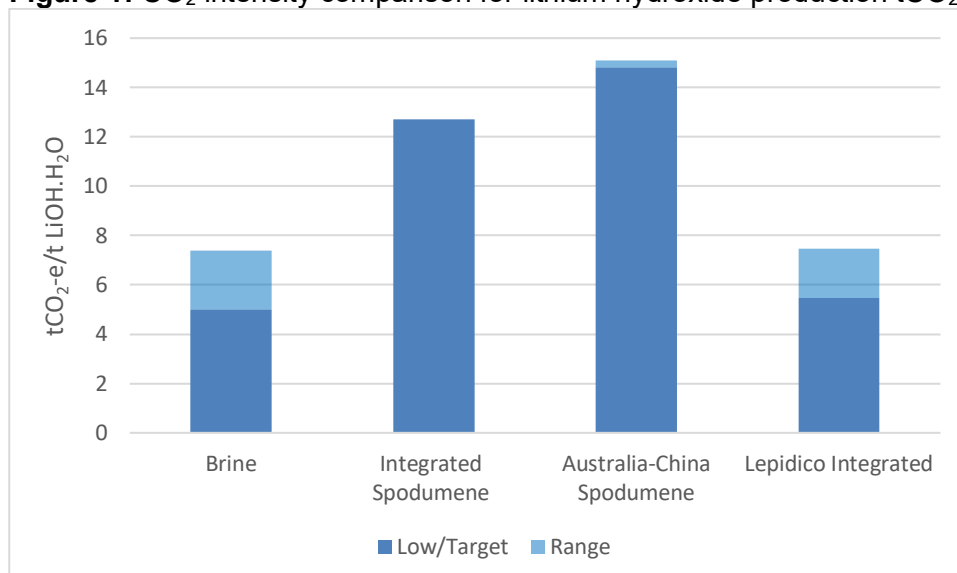
Phase 1 represents a unique opportunity globally for production of the strategic metals rubidium and caesium, for which the United States is totally reliant on imports. Furthermore, lithium, caesium, rubidium and potash, the main Phase 1 products, are all on the U.S. Government list of 35 Critical Minerals, making Lepidico's technologies and the Project strategically significant.

Greenhouse Gas Report

A carbon footprint assessment for the integrated Phase 1 Project was recently completed by leading industry environmental consultant GHD. Scope 1 and 2 emissions¹ intensity associated with the Abu Dhabi Phase 1 chemical plant was just 7.46t CO₂-e/t² lithium hydroxide, which GHD advised as being, “low compared with other emission intensities reported or derived from lithium hydroxide production facilities.” Similar emissions associated with mining and the mineral concentrator gave an emissions intensity of 0.13 tCO₂-e/t concentrate (1.37t CO₂-e/t lithium hydroxide), which is, “comparable with other similar lithium mine and concentrator projects.”

GHDs work identifies Lepidico’s L-Max[®] and LOH-Max[®] technologies as providing a lower CO₂ intensity solution for the production of lithium chemicals versus conventional spodumene conversion (Figure 1). Lepidico has established a Scope 1 and 2 emissions reduction target of 2.0t CO₂-e/ t lithium hydroxide associated with a greater proportion of power sourced from non-greenhouse gas generating sources and solar pre-heating of boiler water to reduce natural gas consumption. Further reduction opportunities have been identified including from the substitution of green hydrogen for gas and the use of electric mobile equipment for mining. In addition, a formal assessment of Scope 3 inventory emissions is planned once Phase 1 is fully operational, which GHD has advised should be competitive relative to the industry due to emissions savings from by-products, estimated at 34,009 tCO₂-e per year. This figure excludes any emission savings relating to use of caesium and rubidium compounds, which could also be significant.

Figure 1: CO₂ intensity comparison for lithium hydroxide production tCO₂-e/t LiOH



Source: GHD data

The excellent environmental and social credentials associated with Phase 1 are proving important in Lepidico’s advanced offtake negotiations.

Product Marketing

Excellent progress continues to be made in securing binding offtake agreements, particularly for the high-value products to be manufactured by the Phase 1 Chemical Plant.

Lithium supply discussions are now being prioritised with three consumers. One of these is a result of an unsolicited inbound enquiry received during the last quarter, testament to the rapid tightening being seen in the lithium market, which is predicted to transition into fundamental supply deficit during the second half of 2021.

Leading industry commentator Benchmark Mineral Intelligence recently advised that, “the market is set to face structural issues from 2021 onwards. Without significant supply-side developments

¹ Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company’s value chain.

² Tonnes of carbon dioxide equivalent

chemical availability poses a major bottleneck risk to battery production growth. We expect higher price levels to incentivise further investments by late-2021.”

In the longer term demand is forecast to grow to over 2.3 million tonnes lithium carbonate equivalent by 2030 with a supply deficit approaching as much as 1 million tonnes as producers struggle to bring new projects on stream.

One consumer has advised that it requires a relatively substantial sample of lithium hydroxide for evaluation which would require Lepidico’s pilot plant to be run again for at least a two week steady state campaign. This will only be committed to once negotiations have advanced sufficiently.

The caesium market is in just as dynamic a phase as lithium, with a substantial supply deficit on the near horizon as it is understood that a major chemical producer plans to cease production due to upstream mineral feedstock depletion. This leaves the caesium and rubidium markets supplied by a single size manufacturer. Lepidico’s Phase 1 chemical plant is the only advanced stage source of new caesium and rubidium supply globally.

During the quarter a specialist consultant was appointed to expand Lepidico’s reach to caesium and rubidium chemicals consumers. The Company is now in meaningful discussions with four groups. Binding supply agreements are being targeted for next quarter.

Caesium and rubidium are both designated as Critical Minerals by the U.S. State Department and the United States is entirely reliant of imports of these metals. Further samples of caesium and rubidium chemicals were manufactured in the quarter to meet consumer requirements and to confirm product specifications. Requests for further samples have recently been received and these are being manufactured in Perth (see below).

Phase 2 Plant Scoping Study

Identification of strategic locations within the United States for a Phase 2 chemical plant was the main focus during the quarter. Constructive engagement was had with Government representatives from eight States identified as being prospective. There is considerable interest in securing direct foreign investment in the electric vehicle supply chain with some States indicating incentives equivalent to the favourable fiscal terms at the industrial free zones in the UAE. A short list of three locations is being developed with the objective of advancing discussions in early 2022 once the Phase 1 Project has advanced to full implementation.

Walvis Bay in Namibia and Abu Dhabi will continue to be evaluated as prospective locations for a Phase 2 plant along with a possible location in Europe. The Scoping Study contemplates a nominal output capacity of 20,000tpa lithium carbonate equivalent (LCE). Under the Phase 1 DFS a scoping study capital estimate was developed for a Phase 2 Project, with associated capital intensity estimated to be US\$16,900/t LCE and just US\$10,500/t LCE on a net of by-products basis. Mineral Resource development activities to support the Phase 2 study progressed during the quarter (see below).

RESEARCH & PRODUCT DEVELOPMENT

Select pilot plant equipment was loaned to Strategic Metallurgy last quarter for an unrelated third-party pilot programme. As a result, the filters were upgraded and equipment secured to increase the capacity of the L-Max[®] leach circuit, at no cost to Lepidico. All equipment will be returned for Lepidico use by the end of July 2021.

Strategic Metallurgy has provided proposals for: (1) further upgrades to both L-Max[®] and LOH-Max[®] circuits to allow the pilot plant to operate at 25kg/hr – versus 15kg/hr previously – to match the rating of the leach filter; (2) processing of 22 tonnes of lithium mica mineralisation from Karibib, already stored in Perth, to produce 6 tonnes of concentrate feed; and (3) a comprehensive pilot plant campaign to produce all Phase 1 Products. The aggregate cost estimates for this work is \$2 million. It is envisaged that this work will only be commissioned once offtake negotiations have sufficiently advanced with one specific lithium consumer.

Further caesium and rubidium testwork started last quarter and completed mid-July, with assays pending. The objective of this work is to produce chemicals that meet specific consumer specifications. It is expected that samples will be dispatched in late July.

EXPLORATION & RESOURCE DEVELOPMENT

Karibib Project (80%)

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals which the Namibian properties are prospective for that include lithium, caesium, rubidium, tantalum, gold, copper, tungsten and uranium. Exploration activities ramped up early in the quarter as local restrictions imposed in response to the COVID-19 pandemic lifted further. However, COVID-19 cases in Namibia increased dramatically throughout June, necessitating temporary cessation of exploration activities and closure of the Karibib camp. The camp reopened mid-July and exploration activities resumed, including drilling.

Near Mine & Regional Exploration

Fourteen reverse circulation (RC) holes were drilled at Rubicon North and Rubicon West in June, prior to the cessation of exploration activities. Pegmatite was identified in all holes, with those at Rubicon North intersecting typical Rubicon style mineralisation. Samples from this part of the program were dispatched in early July, with assays now expected in August. Two further priority targets are planned to be drilled in August, pending rig availability.

Eight priority targets have been selected from the 23 lepidolite bearing LCT-type pegmatite targets identified within EPL 5439 and ML204 the previous quarter. Further portable XRF work is being undertaken across these targets to direct further RC drilling, which is planned for later this quarter.

Geochemical surveys are scheduled for the current quarter at the three kilometre long high priority gold target identified within EPL 5439 in the previous period. The eastern part of EPL 5439 where this target is located has geophysical and geological similarities to known large-scale vein-hosted gold deposits in the Karibib region.

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 working from home and adherence to local safety protocols in the jurisdictions in which we operate. All staff in Canada and the UK are now fully immunised, which may allow limited future business travel. Vaccine availability in Namibia is limited, however, some staff have managed to get immunised, with Lepidico looking to assist where possible.

Project Finance

The Company continues to make good progress on offtake for its products and in assembling a project financing package, with the support of debt advisor Lions Head Global Partners (Lions Head).

A debt finance stress test conducted by Lions Head has shown that the Project has robust economics, with an ability to support lending at substantially lower lithium chemical prices versus the Benchmark Mineral Intelligence forecast and various other scenarios including elimination of by-product revenues.

In October 2020, the Company entered into a formal Mandate Agreement with DFC to undertake detailed due diligence on the Project, with a view to providing the necessary debt financing for the Namibian portion. During the quarter DFC appointed BDA as the independent engineer to undertake detailed technical due diligence.

Lepidico Chemicals Namibia (Pty) Ltd (LCN), an 80% owned subsidiary, will operate the Karibib Project. A newly formed Namibian subsidiary, Lepidico Infrastructure Namibia (Pty) Ltd (LIN), has been created following third-party interest in direct investment in Karibib project infrastructure including the concentrator, which would be leased and operated by LCN. 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.

Entitlement Offer completed and significantly oversubscribed

On 15 June 2021 the Renounceable Entitlements Offer, previously announced on 20 May 2021 (the "Offer"), closed significantly oversubscribed following strong support by the Company's eligible directors, shareholders and new investors.

The Offer raised \$9.6 million (before costs) and the Company issued 741,125,690 new shares and 370,562,845 new options on 21 June 2021. The new options are listed under the ASX code LPDOD. Mahe Capital acted as Lead Manager and Underwriter.

High demand, particularly from new institutional and professional investors resulted in subscriptions being substantially scaled back, with the Company agreeing to place a further 223,076,924 fully paid ordinary shares at \$0.013 with 111,538,462 attaching LPDOD options to raise an additional \$2,900,000 ("Placement"). The Placement was made using the Company's existing capacity under Listing Rule 7.1.

Funds from the Placement funds are intended to be used to manufacture additional lithium hydroxide and other Phase 1 product samples for consumer qualification assessment and working capital following growing unsolicited interest in lithium hydroxide supply for use in the rapidly developing electric vehicle supply chain in the United States and Europe.

As at 30 June 2021, the Company held \$14.7 million in cash and cash equivalents.

Protecting and extending shareholder value

As Lepidico is on the cusp of becoming an active lithium producer in a market where both demand and complexity are scaling rapidly, we have extended our relationship with Edison Group to cover investor relations with a focus on digital engagement including social media, complemented by their existing equity research.

The team has already begun to help optimise Lepidico's investment case. The next steps will be to create new content and reach a greatly expanded universe of investors - both professional and private - with a goal of maximising shareholder value. Edison will be positioning Lepidico as a low risk lithium technology stock in a segment that is becoming increasingly complicated for portfolio managers due to evolving battery tech, tightening ESG requirements, security of supply and long-term margin expectations.

Subsequent to the end of the quarter Shaw and Partners, one of Australia's preeminent investment and wealth management firms, initiated research coverage on Lepidico. With a national presence and over \$26 billion of assets under advice, Shaw and Partners offers the intimacy of a boutique investment firm, backed by the resources and scale of a major financial group, EFG International.

Patents & Licences

At 30 June 2021, the Company holds granted patents for its L-Max[®] technology in the United States, Europe, Japan and Australia, along with an Innovation Patent in Australia. National and regional phase patent applications are well advanced in the remaining other key jurisdictions and these processes are expected to continue during calendar year 2021. The Company also has a US patent for its process technology for lithium recovery from phosphate minerals, which include amblygonite.

An international patent application is held for LOH-Max[®] under PCT/AU2020/050090 and the national and regional phase of the patent application process is due to commence in the current quarter.

The national phase patent applications are progressing in relation to S-Max[®] under PCT/AU2019/050317 and PCT/AU2019/050318 and for the production of caesium, rubidium and potassium brines and other formates under PCT/AU2019/051024. The national and regional phase applications are expected to continue into 2022.

On 1 April 2021 a provisional patent application for the lithium carbonate recovery process was filed.

Exploration and Resources

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

23 Belmont Avenue, Belmont, WA 6104, Australia

Stock Exchange Listings

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

Forward Shareholder Enquiries to

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

All correspondence to:
GPO Box 5193
Sydney NSW 2001

Telephone: 1300 288 664 (within Australia)
+61 (0) 2 9698 5414
Email: hello@automicgroup.com.au
Website: www.automicgroup.com.au

Issued Share Capital

As at 30 June 2021, issued capital was 6,152,082,446.
As at 27 July 2021, issued capital was 6,152,082,446.

Quarterly Share Price Activity

	High	Low	Close
April - June 2021	2.4c	1.0c	1.0c

Further Information

For further information, please contact

Joe Walsh
Managing Director
Lepidico Ltd
Tel: +1 647 272 5347

David Waterhouse
Waterhouse IR
Tel: +61(0)3 9670 5008

Email: info@lepidico.com
Website: www.lepidico.com

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 5555¹	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

Notes:

1. Licence expired 3 April 2021; application for a 2-year renewal lodged, pending approval.

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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers/licence holder	-	4,084
1.2 Payments for		
(a) exploration & evaluation (expensed)	-	-
(b) development	(210)	(792)
(c) production	-	-
(d) staff costs	(349)	(1,409)
(e) administration and corporate costs	(440)	(1,725)
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
1.8 Other (COVID-19 incentives)	-	53
1.9 Net cash from / (used in) operating activities	(999)	1,455

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(10)
(b) tenements	-	-
(c) property, plant and equipment	(36)	(87)
(d) exploration & evaluation (capitalised)	(268)	(893)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) 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	(304)	(990)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	15,460	15,571
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	43
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(903)	(903)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings (convertible debt securities)	-	(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	14,557	9,535

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,479	4,793
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(999)	1,455
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(304)	(990)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	14,557	9,535

Appendix 5B

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
4.5	Effect of movement in exchange rates on cash held	6	(54)
4.6	Cash and cash equivalents at end of period	14,739	14,739

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	14,739	1,479
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)	14,739	1,479

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	188
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	95
Directors Fees	71
Payments to Director Related Entities (Development)	22
	<u>188</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.</i>		
<i>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 **	2,925
7.3	Other	-
7.4	Total financing facilities **	2,925
7.5	Unused financing facilities available at quarter end	Up to 4,575
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> <p>On 19 April 2021 the Company announced it had raised A\$2,925,000 (after costs) through the set-off of 134,000,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) as announced on 23 December 2019. The Set-Off Shares reduces the total 230,000,000 collateral shares which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. The unused facility reduced by \$2.925 million following the capital raise and cash increased by \$2.925 million.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1	(999)
8.2	(268)
8.3	(1,267)
8.4	14,739
8.5	Up to 4,575
8.6	19,314
8.7	15.2
<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?

Answer: N/A

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: N/A

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: N/A

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 July 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.