

QUARTERLY ACTIVITIES REPORT

for the period ending 31 December 2021

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

Key Points

Development

- Front End Engineering and Design (FEED) work for the Karibib concentrator completed in January and is now under review by Lepidico
- Phase 1 chemical plant design improvements identified from Demonstration Plant leach trials will enhance operating performance and reduce risk; improvements now being integrated into FEED workstream
- Chemical plant geotechnical site evaluation works started at the Khalifa Industrial Zone Abu Dhabi (KIZAD) to support foundation and footing designs
- Discussions commenced to source green hydrogen from a new facility planned to be built at KIZAD, which would materially reduce Scope 1 & 2 greenhouse gas emissions for the integrated Phase 1 operations from the already relatively modest levels, to be best-in-class at 3t CO₂-e/t LCE
- Pilot plant upgraded to a Demonstration facility operating at over 30kg/hr; L-Max[®] leach trial completed successfully with excellent performance indicated from modified filters
- Demonstration Plant LOH-Max[®] circuit under construction for operation in February 2022
- Drilling resumed at Karibib with the objective of expanding the Mineral Resource base

Products & Marketing

- Binding offtake agreement signed with Traxys for 100% of annual lithium hydroxide production (c.5,000tpa) from Phase 1 for seven years
- Agreement includes Traxys acting as agent for caesium sulphate solution (c.400tpa), with scope to be expanded to other products by mutual agreement
- Majority of product volumes expected to be sold on a back-to-back contract basis with the balance linked to a market price index; Traxys' net commission is competitive with industry norms
- Binding offtake deals for caesium output from Phase 1 are targeted before the end of April 2022 in order to secure debt finance commitments mid-year
- Strong demand seen for Phase 1 Sulphate of Potash (SOP) with Letters of Intent (LOI) received for c.150% of annual production from two consumers, with further LOIs expected this quarter

Corporate and Finance

- Well-funded with cash and equivalents as at 31 December 2021 of \$10.4 million and no debt
 - Existing Acuity Controlled Placement Facility extended to 31 January 2024
 - Independent Technical Report completed by BDA and provided to U.S. International Development Finance Corp. (DFC) with no fatal flaws noted; legal due diligence to start February 2022
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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 2021 quarter, most employees and contractors outside of Namibia continued to work effectively from home due to the ongoing pandemic. The Karibib site remained open for the entire quarter, albeit with some COVID-19 related disruption. Two cases of COVID-19 were reported amongst staff; both employees have fully recovered. All but one of Lepidico employees have now been vaccinated. International business travel resumed in the quarter, albeit on a limited basis.

Good progress continues to be made on all key Phase 1 Project workstreams, aided by the resumption of international travel, excluding to or from Australia. Business trips to both Namibia and the UAE were conducted in the quarter, with plans for further trips to both countries in early 2022. The lithium industry context continues to be driven by a tightening in supply-demand fundamentals, which, according to Benchmark Mineral Intelligence (BMI), has transitioned the market into a fundamental supply deficit. BMI recently stated that its “price forecast has been revised upwards significantly this quarter with little chance of a balanced market within the next few years.”

- FEED work for the Phase 1 Karibib concentrator is largely complete, with Lycopodium Minerals Pty Ltd (Lycopodium) providing a draft control estimate in January, which is now under review.
- Chemical plant FEED work identified several opportunities for improvement, including the selection of plate and frame filters that have been shown to provide enhanced performance versus the units assumed in the Definitive Feasibility Study (DFS). The plant water balance is being revised to allow the resizing of other major equipment, with the FEED control estimate now targeted for the June quarter 2022.
- BMI has raised its long term (real) lithium hydroxide price forecasts, leading to significantly enhanced economics based on Phase 1 DFS assumptions. Economic stress testing by Lions Head Global Partners (LHGP) also indicates improved economics when allowing for likely capital and operating cost inflation. Revised economics to be provided when FEED works complete.
- Musataha Agreement executed with Abu Dhabi Ports (ADP), securing the land for the Phase 1 chemical plant at KIZAD for 25 years. The Affection Plan has been received allowing Lycopodium to start works with the local engineer on infrastructure and tie-ins. All major environmental permits remain in place for Project developments to start in both Namibia and Abu Dhabi.
- Flexible binding offtake agreement signed with Traxys for 100% of annual lithium hydroxide (5,000tpa) production from Phase 1 over 7 years, with the aim to maximise future revenues.
- Strong demand is being seen for Phase 1 caesium chemicals, with supply negotiations well advanced with multiple consumers and Traxys now providing support for these discussions.
- Solid demand is also being seen for Phase 1 SOP supply, both locally within the UAE and internationally. Two LOIs for as much as c.150% of annual production have already been received, with demand expect to grow, as Phase 1 will be the only local manufacturer.
- Terms for sulphuric acid supply to the Phase 1 chemical plant are close to being finalised.
- Amorphous silica samples are being dispatched for testing by consumers in the UAE region. Marketing of the gypsum residue continues for local industrial use, which is planned to make the Phase 1 chemical plant a zero solid process waste facility.
- Pilot facility modified and expanded to Demonstration Plant configuration, with c.32kg/hr concentrate throughput. L-Max[®] leach trial indicated improved performance from modified plate and frame filter operation. LOH-Max[®] trials on schedule to complete March quarter 2022.
- Behre Dolbear Australia Pty Ltd (BDA) has completed advanced drafts of both its Technical and Environment & Social Reports, which are now under final review. BDA will review Demonstration Plant performance results for DFC. DFC on schedule to seek credit approval March/April 2022.
- Recruitment for key executive positions ahead of Phase 1 implementation started. General Manager Sustainability & Country Affairs to be filled by April 2022.

DEVELOPMENT

Chemical Conversion Plant (100%), Abu Dhabi

The Phase 1 Chemical Conversion Plant is largely permitted with environmental approval to construct granted. The Musataha lease agreement was signed in early October with ADP, securing the 57,000m² site for the Phase 1 chemical plant for an initial term of 25 years. The site is located within KIZAD, a major industrial free zone, which allows full foreign business ownership as well as tax exemptions on imports and exports. Under the Musataha Agreement the off-site infrastructure will be delivered by ADP (the parent company of KIZAD) to the site boundary, which will include natural gas, 11kV power, potable water, sewer services, access roads and drainage. Khalifa Port, the deep-water container terminal where concentrate from Walvis Bay, Namibia will be imported is just 15km by road from the plant site.

On signing of the Musataha, Lycopodium started work with ADP to design the on-site infrastructure and tie-ins to all utilities. Subsequently, the general site layout was approved by ADP/KIZAD. Site geo-tech, which includes drilling and geophysical investigations started late December and is close to completion.

The process design review for the chemical plant has been extended to accommodate improvement opportunities identified from the recent Demonstration Plant L-Max[®] leach trial (see below). Modified filter plates and wash techniques provided superior performance, justifying selection of plate and frame filters for Phase 1 versus the indexing belt filters contemplated in the DFS. The change in filters necessitated the water balance to be recalculated for all unit processes and in turn the resizing of much of the mechanical equipment within the plant. All equipment vendor data for the revised design criteria are expected to be received by end March. Results from the LOH-Max[®] Demonstration Plant trial in February are expected to inform further opportunities for improved Phase 1 operability, with the control estimate and schedule now expected to be finalised during the June quarter 2022.

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

Economics for the integrated Phase 1 Project have been re-run following the publication in late December 2021 by BMI of revised long-term lithium price forecasts, with material increases to key investment fundamentals. BMI has raised its base case long-term lithium hydroxide price forecast by 16% from US\$12,910/t (real) employed in the May 2020 Phase 1 DFS to US\$14,927/t. BMI has also published a Bullish Case long-term price forecast of US\$17,015/t (real). Furthermore, BMI is forecasting that prices will continue to rise to significantly higher levels than previous predicted between 2023 and 2025.

Revised Project economics will be published once Lycopodium has completed the control estimates for both the Phase 1 concentrator and chemical plant. When using provisional capital cost estimates, debt advisor Lion's Head has demonstrated that BMI's revised price lithium price forecasts more than offset the impacts of cost inflation on Phase 1 economics.

Recruitment for the position of General Manager Chemical Plant Operations has started with the objective of filling the role in the June 2022 quarter.

Karibib Project (80%), Namibia

Karibib is fully permitted for the re-development of two open pit mines at Rubicon and Helikon 1, which will feed lithium mica ore to a central mineral concentrator adjacent to Rubicon that employs conventional flotation technology. Major awarded Project permits include the Mining Licence (ML204), water extraction permit, Environmental Compliance Certificate (ECC), and a separate ECC awarded for the overhead power transmission line.

Lycopodium has finalised the concentrator process design and provided a draft control estimate and schedule for construction, all of which are under review. It is planned that the control estimate and

schedule will be confirmed with suppliers in March/April for integration with similar chemical plant data when complete (see below). Major equipment packages have either been finalised or are imminent. FEED and Early Services works are now scheduled to complete in February 2022. Preferred suppliers have been selected for long lead items, the ball mill, thickener and crushing plant.

Bulk earthworks were awarded to a national construction contractor in December following a tender process. Works include access road upgrade, on-site roads, Rubicon waste management area starter pad, site water management structures and bulk earthworks pads for the concentrator, non-process buildings and stockpile areas.

The power supply system design has been completed and was issued for tender in January 2022. As previously advised, solar and hydropower already make significant contributions to the Namibian national grid. It is expected that at least 80% of grid power will be from committed renewable sources by 2025. Lepidico is also tracking several new solar projects that appear to be close to a development decision, which could allow all power to the Karibib Project to be from renewable sources.

Site works at Karibib are scheduled to start once finance is secured. A considerable tonnage of high-grade in-situ lepidolite mineralisation is exposed at surface at Rubicon with minimal requirement for mining of waste. As such ore mining is not on the critical path and will start just ahead of concentrator commissioning.

Recruitment for the position of General Manager Karibib Operations has started with the objective of filling the role in the June 2022 quarter.

Sustainability

The executive position of General Manager Sustainability & Country Affairs has been created for the Lepidico Group, highlighting Lepidico's commitment to sustainable development and industry leading ESG performance. This global role has been successfully recruited for, coming into effect April 2022. More information will be provided at this time.

Lepidico remains committed to continued improvement in environmental performance. Opportunities to reduce already low levels of greenhouse gas (GHG) emissions versus industry peers have been identified and are actively being pursued. Evaluation of work by environmental consultant GHD for Phase 1 has identified opportunities to reduce aggregate Scope 1 and 2 emissions to less than 3.0t CO₂-e/ t Lithium Carbonate Equivalent (LCE); an industry leading position.

GHD advised in its report that Scope 1 and 2 emissions¹ intensity associated with the Abu Dhabi Phase 1 chemical plant is estimated at just 7.46t CO₂-e/t² lithium hydroxide. The largest single source of chemical plant emissions, approximately 60%, is from natural gas used for generating process heat. Lepidico has started discussions for supply of green hydrogen from new production planned to be developed at KIZAD. Opportunities to reduce overall energy consumption via solar preheating of boiler feed water will also be evaluated, amongst other initiatives to reduce emissions and costs.

At Karibib, grid power already includes a significant renewable component with more committed projects to come onstream. As previously advised, by 2025 it is estimated that 80% of power will be generated from renewable sources³. It appears increasingly likely that further solar power capacity will be committed to in the Karibib region this year, which would provide an opportunity to reduce or even eliminate Scope 2 emissions other than for backup purposes.

Excellence in environmental stewardship, which includes demonstrating that products have low associated CO₂-e emissions, is now almost essential for chemicals supplied for EV manufacture, particularly when associated with vehicle sales into the European and North American markets. This ethical sourcing of chemicals also extends to the evaluation of water and land usage, both of which can be challenging for certain types of lithium deposits and processes. This is not the case when

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

³ NamPower Investors Briefing, July 2019

employing Lepidico's proprietary process technologies, which will be commercialised in the Company's integrated Phase 1 Project that is now in its initial development phase.

In consultation with the Traditional Authority, Lepidico completed a micro-finance project to support disadvantaged women in the nearby town of Otjimbingwe. Chicken coups, livestock and animal husbandry training has been provided.

Product Marketing

During the quarter the Company entered into a binding offtake agreement for sales-marketing, logistics and trade finance with Traxys Europe S.A. ("Traxys") for 100% of the production of lithium hydroxide (5,000tpa) from the Company's planned Phase 1 Project. In addition, Traxys will act as agent for 100% of the production of caesium sulfate solution (c.400tpa) from the Chemical Plant.

Since signing the agreement Traxys has arranged for lithium hydroxide samples to be dispatched to customers, depleting Lepidico's inventory. Further demand for samples will be satisfied on completion of the current Demonstration Plant campaign.

The Traxys Group, headquartered in Luxembourg, is a multinational marketer, distributor and trader of base metals, concentrates, chemicals, industrial minerals, rare earths, uranium, materials for steel mills and foundries, and minor and alloying metals. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 450 employees, in over 20 locations worldwide. Traxys has annual turnover in excess of USD 7 billion.

The agreement is for Traxys to act as principal to purchase and assume title and risk for delivery of lithium hydroxide and on-sell the products to end users. The structure also allows the flexibility for Lepidico to originate offtake, with Traxys still contracting as the consumer interface. Traxys will manage the logistics of finished products, provide credit terms to end customers and a trade finance facility to Lepidico.

The agreement can be expanded to other products manufactured by Lepidico by mutual agreement.

The term of the agreement is the later of 7 years or the delivery of 35,000t (metric) of lithium hydroxide with an option to extend by mutual agreement.

The relationship between Lepidico and Traxys is transparent with both parties collaborating on final customer selection and development, and end-user contract terms for lithium hydroxide and caesium sulfate.

It is expected that the majority of volumes sold to Traxys for on-sale to customers will be on a back-to-back contract basis with pricing to be agreed with the end-user customer. For lithium, the agreement also accommodates instances where volume is supplied on a market price index linked basis, with a quarterly true up or reconciliation. The net commissions earned by Traxys are competitive within the industry for such an arrangement.

Excellent progress continues to be made in securing binding offtake agreements for the caesium to be manufactured by the Phase 1 Chemical Plant. The caesium market continues to be just as dynamic as lithium. Caesium consumers have advised that the caesium market is on the cusp of significant tightening as one of just two size producers of caesium chemicals globally ceases production due to depletion of a major pollucite raw material feed source. Lepidolite is a viable alternative source of caesium when processed using Lepidico's proprietary hydrometallurgical technologies, developed over the past eight years.

As previously advised caesium chemical samples were dispatched to multiple consumers early in the quarter. Positive feedback has been received with all samples being declared as meeting individual specifications. Lepidico continues to seek binding caesium offtake terms this current quarter, to allow due diligence by prospective lenders.

During the quarter the Company secured two non-binding LOIs for the supply of between 15,000-20,000t per annum of sulphate of potash (SOP) from the Phase 1 Chemical Plant. Further LOIs are expected from other regional consumers. Average annual production is estimated at 13,000t.

Samples of the gypsum residue continue to be evaluated by industrial consumers in the UAE. The gypsum residue is being evaluated as a substitute for imported mineral gypsum, used as either a cement retarder or as a soil conditioning agent. Application of the gypsum as an industrial product will allow Lepidico to realise its goal of the Phase 1 chemical plant being a zero process waste facility.

Some logistics delays have held up the delivery of samples of amorphous silica. It is expected that this will be resolved this quarter allowing consumer testing to be undertaken.

Phase 2 Plant Scoping Study

Site selection considerations for a Phase 2 chemical plant is proving fluid, in part due to nascent battery cathode manufacturing in North America and to a lesser extent Europe. Access to affordable power from non-greenhouse gas emitting sources and green hydrogen are also key drivers for locating industrial facilities. However, supply by utilities is still evolving. As such, Lepidico plans to defer further site selection work until Phase 2 enters the pre-feasibility study stage.

In the interim Phase 2 activities are focused on organically expanding the Mineral Resource base in Namibia (see below).

RESEARCH & PRODUCT DEVELOPMENT

Upgrades completed to the pilot plant located in Perth include larger volume leach tanks that allow the leach filter capacity to be maximised, giving concentrate throughput of 32kg/hr, up from 15kg/hr. The filters were also equipped with redesigned plates and a revised wash system. Other downstream modifications, consistent with the Phase 1 chemical plant design mean that the plant is now configured as a Demonstration facility. Scale up to Phase 1 has reduced to just over 200 to 1.

Continuous leach trials were conducted in November/December on approximately 8 tonnes of concentrate grading 3.7% Li_2O , sourced from Karibib. The trial involved flexing operating parameters to identify and quantify operational sensitivities to variations in process conditions. This in turn has led to several Phase 1 design revisions being implemented. The trial culminated in a period of steady state operation, which based on preliminary assay data demonstrated improved performance versus the previous pilot campaign. Final assays are pending.

A new LOH-Max circuit is in the advanced stage of construction and on schedule for commissioning early February 2022. Two back-to-back 8day trials are planned to produce raw lithium hydroxide, followed by final purification to manufacture nominal battery grade lithium hydroxide monohydrate. Samples are already being allocated to consumers. The final part of the campaign for manufacture of SOP, caesium and rubidium is scheduled to run late March.

At the end of December, Demonstration Plant construction and operation was tracking the budget. The schedule has slipped by 13 days, with campaign completion now envisaged in early April and reporting by the end of that month.

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 and include lithium, caesium, rubidium, tantalum, gold, copper and tungsten.

Near Mine & Regional Exploration

Exploration activities during the quarter were again intermittently affected by COVID-19 cases amongst employees and contractors. Work centred on field evaluation of conceptual targets generated by in-house interpretation of geophysical data, aimed at identifying blind lithium bearing pegmatites. 28 targets were identified at an accuracy of +/-100m, of which 5 were then investigated through soil sampling on a 20m x 10m grid, with each returning anomalous values for critical metals. Significantly, these targets were also associated with sub-crops of pegmatitic granite, a fractionated late-stage product of a granitic intrusion closely related to pegmatites. Further drill testing of these targets is planned. Field investigation of additional conceptual targets through soil/pXRF sampling and drilling is in progress.

A 1,500m reverse circulation drilling program over the Helikon 3 and 4 pegmatites started in January. This infill program is designed to increase current drill density to improve the confidence levels in the estimation of the previously reported JORC Code (2012) Inferred Resources of 1.5 Mt @ 0.34% Li₂O. Once complete other regional targets are planned to be drilled.

CORPORATE

The health, safety and wellbeing of our people, staff and contractors, remains of paramount importance. Precautions associated with the COVID-19 pandemic remained in place during the quarter, including suspension of non-essential business travel, along with working from home and adherence to local safety protocols in the jurisdictions in which we operate. All staff in Australia, Canada and the UK are now fully immunised, which has allowed limited business travel to resume. Vaccine availability in Namibia is limited, however, most staff are fully immunised, with Lepidico providing assistance where possible.

As at 31 December 2021, the Company held \$10.4 million in cash and cash equivalents.

Controlled Placement Facility

Subsequent to the end of the quarter, the Company agreed with Acuity Capital to extend the expiry date of its Controlled Placement Agreement ("CPA") to 31 January 2024.

As previously announced, the CPA was initially established with an expiry date of 31 January 2021 (see announcement on 23 December 2019).

There is no requirement on Lepidico to utilise the CPA and there were no fees or costs associated with the extension of the CPA. Further, no additional security in the form of shares has been provided or is required in relation to the CPA extension.

Options

During the quarter, Directors and Executives exercised 65 million related party options following the payment of \$1.7 million to the Company. A further \$0.1 million was received by the Company through the exercise of listed options.

On 18 May 2022, approximately 272 million LPDOC options with an exercise price of \$0.02 per option are due to expire. As at the date of this report, the LPDOC options are in-the-money. Any LPDOC option holders wishing to exercise their securities before the expiry date, should contact the Company's share registry, Automic Registry Services (refer below for contact details).

Project Finance

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

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. DFC appointed BDA as the independent engineer to undertake detailed technical due diligence which was completed during the quarter with no fatal flaws identified. DFC has advised that it intends to soon appoint its legal counsel to undertake legal due diligence and commence documentation.

In parallel, Lions Head is advancing discussions with other Development Finance Institutions, as well as advancing the process to secure debt finance for the chemical plant development in Abu Dhabi from commercial lenders and export credit agencies.

Patents & Licences

As at 31 December 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 phase patent applications are well advanced in the remaining other key jurisdictions and these processes are expected to continue during calendar year 2022. The Company also has a patent granted for its process technology for lithium recovery from phosphate minerals, which include amblygonite from the United States, Japan and Australia.

The national and regional phase of the patent application process is progressing for LOH-Max[®] under PCT/AU2020/050090. In relation to S-Max[®], the national phase patent applications are progressing under PCT/AU2019/050317 and PCT/AU2019/050318. In addition, the national phase of the patent application process for the production of caesium, rubidium and potassium brines and other formates is continuing under PCT/AU2019/051024. The national and regional phase applications for the above processes are expected to continue beyond 2022.

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

On 1 October 2021 a provisional patent application was filed for the preparation of Cs-Rb-K alkali salt solutions from lithium mica mineral source material. This refining process has application in tailoring ternary materials for industrial catalyst applications.

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 5, 191 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 31 December 2021, issued capital was 6,221,188,672.
As at 26 January 2022, issued capital was 6,223,407,010.

Quarterly Share Price Activity

	High	Low	Close
October - December 2021	5.3c	2.1c	3.8c

Authorised for release by the Managing Director.

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 5439¹	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:

- Licence expired; application for a 2-year renewal lodged, pending approval.*

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

Payments made during the quarter and included in Item 6.1 of the Appendix 5B – Mining Exploration Entity Quarterly Cash Flow Report, comprise the following:

Item 6.1: Aggregate amount of payments to related parties and their associates included in cashflows from operating activities is \$807,000:

	\$'000
Remuneration	102
Directors Fees	72
Payments to Director Related Entities (Development)	633
Total included in 6.1	<u>807</u>

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 2021

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	-	-
1.2 Payments for		
(a) exploration & evaluation (expensed)	-	-
(b) development	(1,412)	(2,354)
(c) production	-	-
(d) staff costs	(408)	(1,105)
(e) administration and corporate costs	(758)	(1,318)
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	-	-
1.8 Other (COVID-19 incentives)	-	-
1.9 Net cash from / (used in) operating activities	(2,578)	(4,777)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(81)	(81)
(d) exploration & evaluation (capitalised)	(636)	(1,259)
(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	(717)	(1,340)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,784	1,786
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(19)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings (convertible debt securities)	-	-
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	1,784	1,767

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,884	14,738
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,578)	(4,777)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(717)	(1,340)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,784	1,767

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	43	28
4.6	Cash and cash equivalents at end of period	10,416	10,416

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	10,416	11,884
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)	10,416	11,884

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	807
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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 collateral shares to 96,000,000 million, 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> <p>Subsequent to the end of the quarter the Company agreed with Acuity Capital to extend the expiry date of its Controlled Placement Agreement ("CPA") to 31 January 2024.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1	(2,578)
8.2	(636)
8.3	(3,214)
8.4	10,416
8.5	Up to 4,575
8.6	14,991
8.7	4.7
<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>	

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

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: 27 January 2022.....

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.