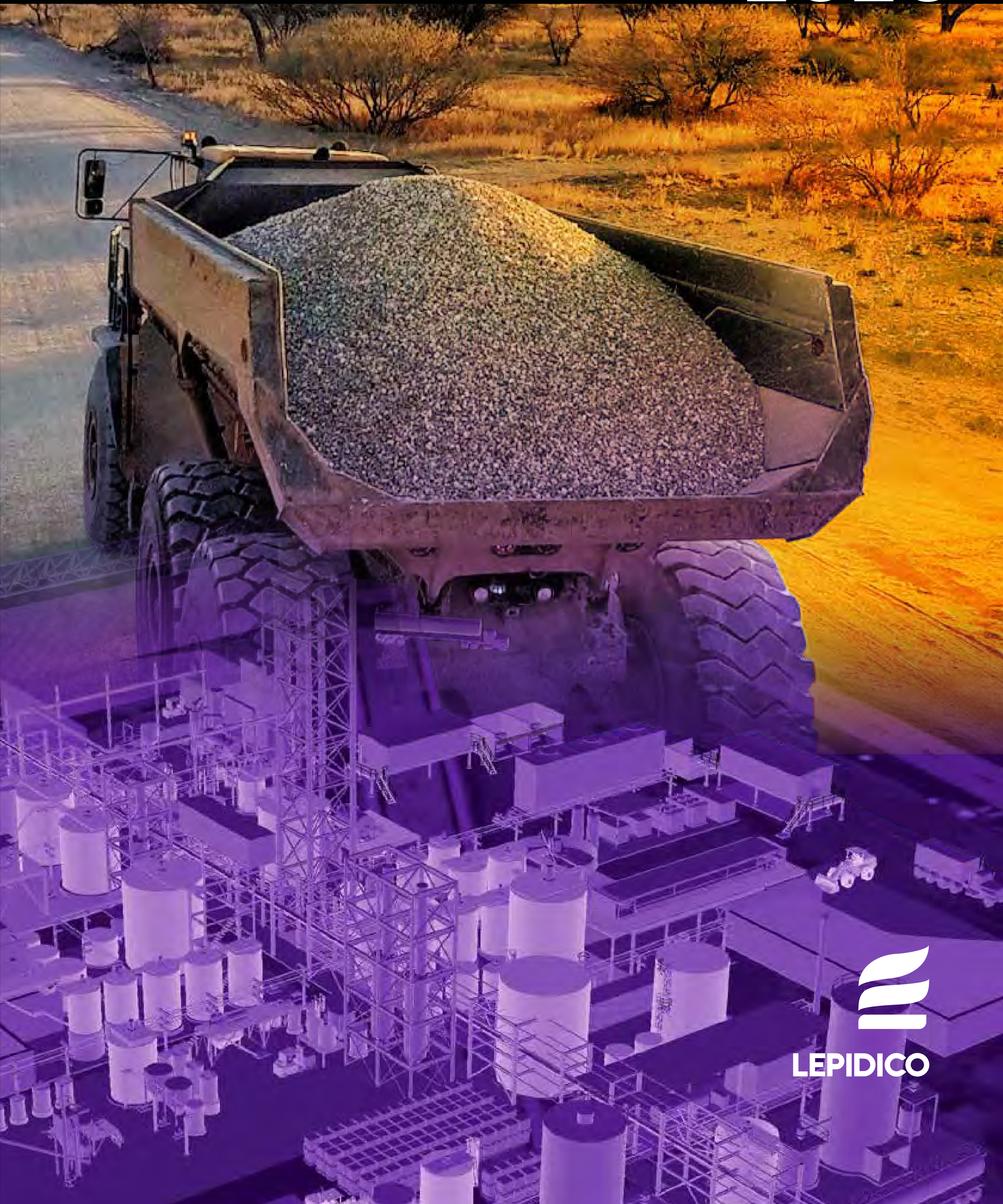
Annual Report 2020



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CONTENTS

HIGHLIGHTS

SUSTAINABILITY

- 2020 was incident free: Lepidico has a zero-harm health, safety and environment track-record since records began in September 2016.
- P1P exhibits excellent sustainability criteria within the lithium industry including low CO_2 intensity, modest water usage and a small operational footprint amongst other attributes.
- ESIA for Namibian P1P operations identifies significant socio-economic benefits as well as advantages in the form of environmental reclamation of the existing mine sites.
- Karibib mine and concentrator redevelopments designated as a Category B Project in terms of the Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.

STRATEGIC RESOURCE DEVELOPMENT

- Inaugural Ore Reserve of 6.7 million tonnes grading 0.46% Li_2O, 0.23% rubidium and 320ppm caesium is believed to be the world's only Code compliant estimate for the strategic alkali metals caesium and rubidium.
- Project supported by a Mineral Resource inventory of 11.2 million tonnes grading 0.43% Li_2O which includes 8.9 million tonnes in Measured and Indicated categories grading 0.43% Li_2O, 0.23% Rb, 302ppm Cs and 2.08% K.
- Mineral Resource estimates being undertaken in fiscal 2021 for lepidolite rich surface stockpiles at Rubicon and Helikon 1.
- Near mine and regional exploration targets being generated for lithium, caesium and gold, which the large property package is highly prospective for.

PROJECT DEVELOPMENT

- Definitive Feasibility Study for the vertically integrated Phase 1 Project completed within just 10 months of acquiring the Karibib assets in Namibia.
- DFS reveals attractive Project economics and fundamentals: 31% Internal Rate of Return; $NPV_{8\%}$ US$221 million (A$340 million) ungeared, based on a 14 year production life.
- P1P average output of 4,900tpa lithium hydroxide at a competitive C1 Cost of US$1,656/t LCE and an AISC of US$3,221/t after credits from other products.
- Payback after just over 3 years of operation on pre-production capital of US$139 million (includes 13.6% contingency), giving a competitive capital intensity of US$17,400/t LCE on by-product basis, equivalent to US$27,900/t LCE before credits from other products.

TECHNOLOGY DEVELOPMENT

- Propietary LOH-Max® process batch trials successfully produced nominal battery grade lithium hydroxide monohydrate grading >56.5% LiOH.
- LOH-Max® offers strategic benefits over conventional conversion of spodumene in that it does not result in the production of sodium sulphate and can materially reduce process complexity and thereby capital cost.
- Patent protection received for the L-Max® technology in Australia, Europe, Japan and the United States. Provisional patent applications advancing for LOH-Max® and production of caesium and rubidium chemicals.
- Proprietary process for production of caesium and rubidium chemicals from lithium mica minerals provides technological advantages for the production of these strategic metals.

CHAIR'S AND MANAGING DIRECTOR'S LETTER

Completion of the Definitive Feasibility Study for the vertically integrated Phase 1 Project in May 2020 – the culmination of six years of research, development and study work – represents a significant deliverable in Lepidico's strategy to become a globally significant lithium chemical producer. Importantly, this milestone was reached with the Company maintaining its zero-harm health, safety and environmental track-record. Phase 1 is differentiated from most other lithium development projects by providing attractive economics at relatively modest scale, thereby reducing scale-up and funding risk, and allowing a focus on product quality rather than volume.

The backdrop to these achievements was clouded by continued weak market conditions for both lithium chemical prices and lithium equities throughout most of fiscal 2020. However, by fiscal year end chemical prices appeared to have stabilised, albeit at what appears to be around cycle low levels. This already challenging environment was further complicated by COVID-19 related lockdowns and their associated global affects. Most importantly all our employees have stayed safe and healthy during this time. Furthermore, our sincere thanks go to all our staff and contractors whose dedication, determination and ingenuity allowed the business to continue to deliver on its objectives, despite being faced with such considerable headwinds.

Sustainability practices and performance, specifically pertaining to environment, social and governance – ESG – have gained far greater prominence for all industries in the past few years and the momentum for further improvements increased again in 2020. It is clear that greenhouse gas emissions, water usage and land use intensity pose significant challenges for much of the lithium industry, and in these areas. Lepidico is fortunate. Our Phase 1 Project demonstrates, on balance, excellent sustainability credentials, and not just with regards to these three key tenants but also in the social benefits associated with job creation, land remediation and much needed economic stimulus within a developing region. Furthermore, opportunities to improve on already enviable sustainability criteria have been identified and imbedded into the strategic planning process to ensure continual improvement across all aspects of the business as it evolves.

Positive feedback from some of the world's most discerning lenders to projects in developing countries is testament to Phase 1's environmental and social attributes. The Project is estimated to create over 800 direct and indirect jobs in Namibia alone. The integrated Project exhibits competitive CO_2 intensity, more normally associated with lithium brine projects, along with the modest water intensity of integrated hard rock lithium producers and a relatively small land use footprint. The Environment & Social Impact Assessment – ESIA – for the Namibian developments actually identified the Project as having beneficial environmental impacts, associated with the ultimate remediation of these brownfield sites which were never rehabilitated when previously closed. As such the Project is expected to leave positive environmental and social legacies at the end of its life.

Development and operation of the planned chemical conversion plant in Abu Dhabi is expected to be environmentally benign from a land use perspective, being located within a designated industrial park and provide social benefits associated with the creation of some 119 direct jobs. CO_2 emissions are largely associated with the chemical process but can be partially offset by credits from by-products. Of note, the amorphous silica is planned to be sold as a partial supplement for cement in concrete and as such helps reduce carbon emissions. Opportunities to reduce the integrated Project's already moderate carbon intensity further have been identified and will be evaluated in fiscal 2021.

Looking ahead, activities are now focussed on transitioning the business to development by securing the requisite permits in Abu Dhabi, as well as binding offtake agreements for the major products and a full funding package. Importantly, the Namibian developments are fully permitted. A prescribed process exists for permitting at the Khalifa

We remain committed to developing a sustainable business that makes quality products for the needs of the twenty first century. Implicit in this are industry best practice protocols in the areas of health, safety, the environment, human resources, sustainability, and stakeholder engagement.

Industrial Zone of Abu Dhabi, with Phase 1 identified as requiring a less onerous level of compliance. However, a full ESIA has been committed to, completed to International Finance Corporation Standards to support debt funding plans.

Development Finance Institution (DFI) funding coupled with export credit and commercial lending are being pursued to ensure the most competitive debt funding terms for the Project. This is possible because part of the Project is located within a developing economy and the entire integrated Project has such solid ESG credentials.

Sustainable business practices are also vital to securing long term offtake arrangements from downstream chemical customers. Most of the global supply chain for specialty chemicals is becoming more focussed on reducing its carbon footprint, while minimising water and land use intensity. This is particularly so for European chemical consumers, where auto manufacturers are influencing their suppliers in the face of onerous penalties for non-compliance to stringent emissions standards, imposed to accelerate the transition to electric vehicles from internal combustion engine models.

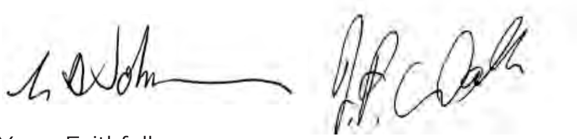
We continue to work towards offtake for lithium hydroxide under our letter of intent with BASF SE. The Company is also advancing offtake discussions with several other consumers for supply of caesium and rubidium chemicals. Here, it is noteworthy that Lepidico's process technologies provide a unique method for economically and sustainably extracting salts of these two high-value metals that are of strategic significance and in critically short supply.

Until recently pollucite was the chosen mineral source for caesium. However, global primary supply has fallen dramatically with the depletion of major historical producing mines and no meaningful new discoveries. Lepidolite offers an alternative to pollucite, as it tends to have the highest aggregate concentrations of the alkali metals caesium, rubidium, lithium and potassium, making it a viable mineral substitute. All four of these metals are on the U.S. Government list of 35 critical minerals and the U.S. is entirely reliant on imports of caesium and rubidium.

Lepidico's strategic objective remains to fast track the business to free cash flow generation by developing a sustainable lithium business that leverages its proprietary technology, L-Max®. More recent development of new process technologies that include the manufacture of caesium and rubidium chemicals from lithium mica minerals has allowed this strategy to be extended to include the expanded alkali metals product suite, along with production of lithium hydroxide using LOH-Max®. As such Lepidico is uniquely positioned to become a first mover in developing new sources of a range of specialty chemicals that are either in short supply or in the case of lithium projected to be within a few years.

As stated in prior years, we remain committed to developing a sustainable business that makes quality products for the needs of the twenty first century. Implicit in this are industry best practice protocols in the areas of health, safety, the environment, human resources, sustainability, and stakeholder engagement. Lepidico is also striving to be an industry leader in minimising waste generation and emissions, with the objective of the Phase 1 chemical plant ultimately being a zero-waste facility and the Company's mines not requiring dedicated tailings storage facilities.

We again thank shareholders for another year of tremendous support on our quest to build a new vertically integrated alkali metals chemical company differentiated by non-traditional mineral sources.



Yours Faithfully
Gary Johnson, Chair and
Joe Walsh Managing Director

LITHIUM INDUSTRY AND MARKET

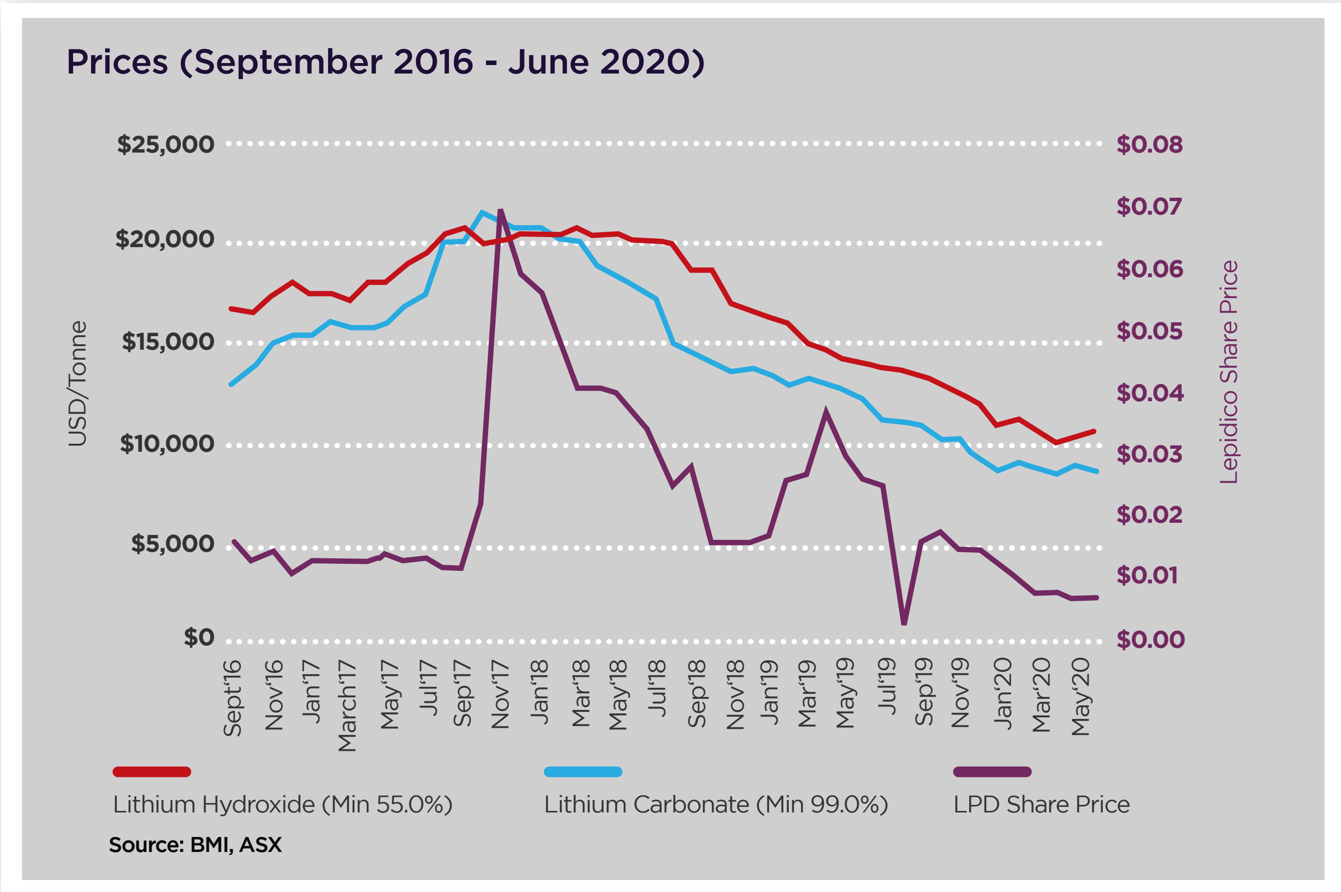
Review

Lithium chemical prices appeared to stabilise in mid calendar 2020 following more than two years of decline from their cycle highs, albeit with prices back at early 2016 levels. Contract prices, which represent the majority of market volume, have held up far better than spot prices, which tend to be influenced by short term Chinese supply-demand. Battery grade lithium hydroxide monohydrate prices as stated by Benchmark Mineral Intelligence[1] have remained at or above US$10,000/t and at a material premium of around US$2,000/t to lithium carbonate.

Against this backdrop, lithium equity prices have also suffered and Lepidico's share price has not been immune. Looking forward, incumbent lithium chemical producers have exercised significant supply discipline, evidenced by the deferral of many expansion plans, which should see the market transition back towards deficit as demand for electric vehicles (EVs) in particular is predicted by many industry commentators to be resurgent in the post COVID-19 lockdown environment.

Technology

Two EV battery technology advancements have gained traction over the past year: 1) a further move towards high-nickel cathodes that use less cobalt but similar amounts of lithium; and 2) solid state batteries coming closer to commercialisation. While a number of different formats are in development it is envisaged that solid state batteries may consume more lithium and have significantly better performance in the form of charge density and better safety characteristics. Most importantly, these developments rely on the continued use of lithium for its unique electrochemical properties, thereby supporting its extensive use in batteries for the foreseeable future. Furthermore, higher charge densities should accelerate EV adoption as range anxiety becomes a lesser issue. In short, lithium is set to remain a key metal for the global energy transition thematic.



[1] BMI is a world leading information and price provider for the lithium ion battery and electric vehicle supply chain.

Demand

Annual lithium chemical demand faltered in 2019 rising just 5% compared with 15% the previous year, as the lifting of certain Chinese EV subsidies caused EV sales growth in the country to fall, according to BMI data. EV battery manufacturing was subsequently impacted in 2020 by the Covid-19 pandemic, causing inventory build-up throughout the supply chain. BMI is predicting that annual lithium demand will grow by just 7% in calendar 2020 to 300,000t, prior to jumping by 30% year-on-year in 2021 in large part driven by a forecast surge in European EV sales as a raft of new models role off the production lines at more affordable price points.

Additionally, governments around the world are introducing a range of new measures to support EV adoption in an attempt to decarbonise while also stimulating their respective economies, particularly in Europe. The French government announced an €8 billion stimulus package to support the country's ailing automotive industry, alongside an increase in subsidies for EV buyers, which includes a production target of 1 Million 'clean' vehicles a year by 2025. Similarly, the German government plans to double its current subsidies to €6,000 on EVs that cost up to €40,000. These incentives are part of a €130 billion package approved by the German government designed to support domestic industry.

Many commentators continue to forecast lithium chemical demand, driven predominantly by EV sales to exceed 1 million tonnes per year by around 2026. This begs the question, where will all the raw materials come from?

Supply

Lithium supply growth lagged demand for the middle part of the last decade, causing the market to be in fundamental deficit and chemical prices to rise dramatically. Then, in 2018 annual supply rose by 34% transitioning the market into surplus, with supply in 2019 of 321,000t exceeding demand by around 14%. Leading producers outside of China began to constrain output and reign in their expansion plans. Further supply discipline emerged amid the global pandemic uncertainties from the first quarter of 2020.

BMI has opined that there is almost no new supply coming from financed projects in 2020, and only marginal volumes are expected in 2021. As a result, an expected upturn in lithium chemical orders, particularly in the second half of 2021 will be dependent on expansions from existing operations. Looking further ahead into 2022 and beyond, it is evident that new supply from greenfield developments will be required to try and meet accelerating demand. The timelines to evaluate, permit, finance and build new primary lithium capacity far exceed those to develop battery, cathode and EV manufacturing capacity, which is expected to lead to the industry struggling to supply all the high specification lithium that is expected to be required for use in EV batteries.

Outlook

Supply cutbacks in 2019 and 2020 will limit the market imbalance in the short-term but increase the risk of future market volatility according to BMI, which is forecasting a sharp upward correction in battery demand growth from 2021 onwards, thereby transitioning the market back into deficit. BMI also advise, the timeframes required for production expansions let alone new project developments to come to fruition and reach a high proportion of battery-quality output means that a structural deficit in the market will likely be more intense than previously expected from 2022 onwards.

Lepidico is positioning its Phase 1 Project to be an early mover for this next lithium demand cycle that is expected to lead to the return of a healthy incentive price for quality lithium chemicals, to allow new production capacity to be funded and committed to.

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PROJECT DEVELOPMENT

Definitive Feasibility Study

Completion of the DFS for the vertically integrated P1P (Phase 1 Project) in May 2020 represented a major milestone for the Company, following more than six years of development work. The Study contemplates production and shipment of a lepidolite concentrate from Namibia to the chemical conversion plant to be built at the Kalifa Industrial Zone Abu Dhabi (KIZAD) in the United Arab Emirates that employs Lepidico's proprietary process technologies, L-Max® and LOH-Max®. The chemical conversion plant has a concentrate throughput capacity of 6.9tph (tonnes per hour), capable of producing 5,600tpa (tonnes per annum). Average annual P1P production is estimated at 4,900tpa of nominal battery grade lithium hydroxide monohydrate, along with a suite of both high-value and bulk by-products. Accounting for these other products as lithium carbonate equivalent (LCE) gives implied total production of over 7,000tpa LCE. The relatively modest size of Phase 1 for a lithium chemical project is viewed as an important factor for the effective management of scale up, development and operating risks.

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

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

The Capital cost estimates meet the Association of the Advancement of Cost Engineering (AACE) Class 3 requirements for a Feasibility Study. The nominal accuracy is +/- 15%. The estimates for the processing plants were prepared by Lycopodium Minerals P/L (LMPL). Underlying engineering is informed by some six years of process development testwork including continuous pilot plant trials conducted in 2019.

Being a purely hydrometallurgical process, L-Max® is much less power intensive than conventional chemical conversion of spodumene, allowing the integrated Project to have a relatively modest carbon intensity versus the industry, in the range of 5-7t CO_2/t lithium hydroxide monohydrate after credits from amorphous silica and gypsum. Furthermore, water intensity for the Project is estimated to be modest by industry standards at approximately 50L/kg during the first five years of production, rising to 60L/kg thereafter following the mill expansion in Namibia. The aggregate project footprint is also relatively modest and largely on designated industrial land.

It is assumed that all permits, offtake agreements and a full funding package are secured in the June 2021 quarter, allowing Project implementation to commence. Allowance is made for COVID-19 delays in this timeline. Lepidico has engaged London based Lions Head Global Partners (LHGP), which has offices in New York, Nairobi and Lagos, and a new office being established in Dubai as Project finance advisor. LHGP is seeking to leverage the Projects excellent ESG credentials to maximise the quantum of competitive DFI debt funding.

Mines & Concentrator, Namibia

Mining operations will use conventional open pit methods for the deposits at Rubicon and Helikon 1 with particular emphasis on selective mining of high grade ore zones. The footprint is designed to maximise the use of land disturbed by previous mining activities.

A small fleet of one 50-tonne excavator and 35 tonne trucks can adequately support the mining schedule for the majority of the mine life. Ore will be blended before the concentrator to optimise concentrate production and quality.

The Helikon 1 deposit will be mined as a satellite pit located approximately 7km from the concentrator. The haul road from Helikon 1 to Rubicon is already developed and road trucks will be used for haulage.

Mine waste from the Helikon 1 pit will be placed into the Helikon 1 Waste Management Area (WMA), constructed immediately to the south of the open pit and up dip of the pegmatite structures to avoid sterilisation of any deposit extensions.

Rubicon mine waste will be placed in a separate WMA immediately to the east of the open pit. There it will be co-disposed with filtered tailings from the mineral concentrator and used to construct the walls and to cap the facility at closure. This approach minimises the land disturbance, water use and project closure costs leaving a stable structure that can be returned to agricultural land use.
The mineral concentrator will use conventional crushing, grinding, desliming and froth flotation processes followed by dewatering of concentrate and tailings streams.

Key Phase 1 Project DFS results:

- **$NPV_{8\%}$: US$221 million (A$340 million)**
- **IRR: 31% ungeared**
- **AISC (LCE): US$3,221/t**
- **Capital Intensity (LCE): US$17,400/t**
- **LiOH H_2O Production: 4,900tpa**
- **By-products: Caesium, Rubidium, SOP, Amorphous Silica**
- **LCE eq Production: 7,000tpa**
- **Project life: 14 years**

The lithium principally occurs in lepidolite, amblygonite and lithian muscovite although zinnwaldite is also recovered through the froth flotation process. The overall recovery of lithium to the lithium concentrate is 80-90%, at a concentrate grade of 2.9%-4.2% Li_2O. These values vary according to the mineralogy.

The concentrator will go through progressive minor upgrades to cater for a declining head grade.

The general approach to engineering has been to utilise pre-engineered modular plant for the major sections of the plant including crushing, grinding, flotation, dewatering and services. This approach minimises the amount of project specific engineering. The equipment can be supplied pre-assembled and skid mounted or containerised, thereby reducing construction effort and commissioning time.

Logistics

Concentrate from the Karibib flotation plant will be bagged and containerised to prevent contamination during its journey to Abu Dhabi for chemical conversion. Five truck movements per day will be required to transport the concentrate containers 220km to the port of Walvis Bay. From here it will be shipped to Khalifa Port, the main container terminal for Abu Dhabi. KIZAD, where the L-Max plant will be built is a purpose built industrial free zone adjacent to the port. Abu Dhabi City is located approximately 70km to the southwest and is serviced by a well developed road network and in the future rail.

TECHNOLOGY DEVELOPMENT

Chemical Conversion Plant, Abu Dhabi

The L-Max® process technology employed in the downstream chemical plant has been developed over a six year timeframe through an extensive program of laboratory, mini-plant and pilot plant programs. Coupled with extensive flowsheet modelling and vendor testwork, a robust process has evolved that produces lithium chemical, high value by-product chemicals of caesium and rubidium (extracted by a separate proprietary process) and a range of bulk by-products, in an efficient low energy approach. Patent protection was received in fiscal 2020 for the L-Max® technology in Australia, Europe, Japan and the United States.

The Phase 1 chemical plant is designed to process 56,700tpa (dry basis) of lithium mica/amblygonite concentrate at a feed grade of up to 4.0% Li_2O for production capacity of 5,600tpa of lithium hydroxide. The overall lithium recovery from concentrate to lithium hydroxide is estimated at 90%.

A key aspect of the L-Max® process is the direct leaching of the lithium bearing mineral from the feed without the need for an energy intensive thermal treatment step preceding the leach, which is employed by many other hard rock lithium conversion processes. The leach conditions are such that very little energy is required to keep the process at temperature. Optimising the leaching conditions has been an important part of the development process.

Handling of the leached slurry is a unique part of the L-Max® process and the embedded intellectual property. The slurry is filtered at moderate temperature to yield a solution containing the valuable alkali metals and a silica-rich filter cake. Effective washing of this cake is required to achieve high lithium recovery to the liquor moving downstream.

The filtered leach liquor, which is rich in aluminium, is cooled resulting in the crystallisation of an alum solid. This alum crystallisation step achieves the separation of lithium from the other monovalent cations. The monovalents, potassium, rubidium and caesium all form alums, whereas lithium does not. Filtering the alum slurry results in the potassium, rubidium and caesium, and most of the aluminium reporting to the solids, and a liquor containing the lithium and small amounts of other impurities. The alum solids are further treated to yield potassium, caesium and rubidium products.

The impure lithium-rich liquor is treated through a series of pH controlled precipitation stages, with limestone and lime, to sequentially remove the remaining impurities, namely iron, aluminium, manganese, and magnesium. The resulting lithium sulphate solution is of sufficient quality to allow the recovery of a high specification lithium product.

LOH-Max® is a proprietary process for the production of lithium hydroxide without the co-production of sodium sulphate. The unique chemistry of this process has been able to directly produce high purity lithium hydroxide monohydrate in a cost effective manner. The process takes the lithium sulphate liquor produced from the L-Max® process as feed and involves hydrometallurgical reactions to produce lithium hydroxide and a gypsum containing residue. Provisional patent applications advanced in fiscal 2020 for LOH-Max® and the separate process for production of caesium and rubidium chemicals.

Lepidico's proprietary process technologies provide a competitive advantage in the production of critical and strategic metals from lithium mica minerals

L-Max® and LOH-Max® technologies:

- **Six years of development including mini plant and pilot plant manufacture of products**
- **Demonstrated chemistry through piloting and product development**
- **Multiple products maximise revenue potential and result in minimal waste streams**
- **Low temperature and atmospheric pressure leach with no roasting stage required, allowing for relatively low energy intensity and greenhouse gas emissions**
- **Conventional processing equipment and non-exotic materials of construction**
- **Relatively short equipment and construction lead time**

TECHNOLOGY DEVELOPMENT

BUSINESS DEVELOPMENT

Transitioning to Development & Operations

Four workstreams are being progressed in parallel that will allow a Final Investment Decision to be considered, the gating event into the implementation phase.

ESIAs

An ESIA and associated Environmental and Social Management Plan were completed in July 2020 for the planned Namibian developments, operations and closure. These workstreams have been completed to be aligned with the Equator Principles and IFC Performance Standards.

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

Offtake

In December 2019 Lepidico and BASF SE (BASF) extended the duration of their Letter of Intent to end December 2020, whereby BASF would be able to purchase lithium hydroxide sourced from Lepidico's integrated Phased 1 Lithium Chemical Project. By fiscal year end Strategic Metallurgy had modified the back end of the pilot plant in Perth to allow production of larger quantities of nominal battery grade lithium hydroxide with a reference purity of 56.5% LiOH for prospective customer testing. Samples are planned to be produced for testing by prospective customers throughout the balance of the 2020 calendar year.

Lepidico has non-disclosure agreements with three prospective customers of caesium and rubidium chemicals. Evaluations are being undertaken with two of these to determine the viability of producing alternative chemical products to better meet their respective requirements. It is expected that any change in chemical produced will simplify the Phase 1 Plant design and possibly result in a minor reduction in the P1P capital cost.

Finance

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

Engagement with commercial banks, DFIs and export credit agencies (ECAs) is ongoing in fiscal 2021 for the Project debt. Particular interest is being shown by organisations that lend to developing countries. Strategic investors are favoured for the equity finance component.

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

Engineering & Design

A considerable proportion of front end engineering and design works for both the concentrator and chemical conversion plant were completed as part of the DFS, providing excellent Project definition given the stage of development. A pre-qualification process of select mid-tier engineering firms will be completed ahead of a formal tender process for an EPCM contractor. The successful contractor will preferably be capable of executing both process plants. Lepidico will develop a small owners team to self-perform construction management of minor infrastructure works particularly at Karibib. The same team will manage the EPCM and specialist consultants.

Implementation Milestones

- Procurement of long lead packages by April 2021
- Implementation commences – May 2021
- Karibib site works commence – September 2021
- Karibib mining commences – August 2022
- Karibib process plant ore commissioning starts – November 2022
- Chemical Plant site works commences – December 2021
- Chemical Plant wet commissioning starts – February 2023
- Project fully operational – June 2023

STRATEGIC RESOURCE DEVELOPMENT

Karibib Project

The Karibib Project comprises four granted tenements encompassing 1,034km^2 of the Karibib Pegmatite Belt in central Namibia, a major regional intrusive zone of LCT-type (lithium caesium tantalum) pegmatites.

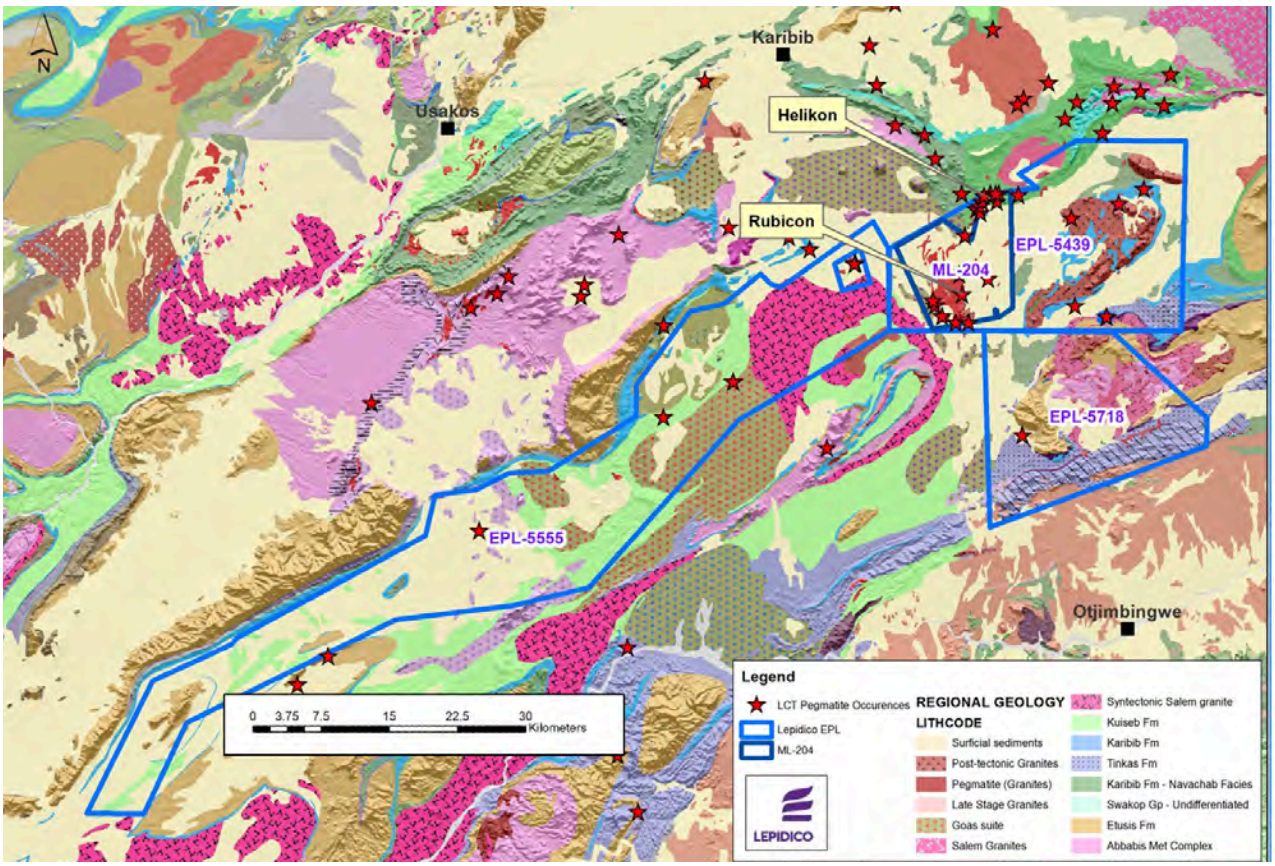
The project itself contains numerous highly fractionated LCT-type pegmatites in which the dominant lithium minerals are lepidolite, lithium-mica and petalite. A number of the pegmatites have been mined since the 1930's for beryl, tantalite and petalite for use in the ceramics industry. The largest of the known lepidolite-rich deposits occur at Rubicon and Helikon.

Mineral Resources include the Rubicon pegmatite and five pegmatites in the Helikon field (Helikon 1 - 5) located 7km to the north. All these Resources are located within the granted Mining Licence (ML 204).

Mineral Resources

Mineralogy and internal zonation characteristics at Rubicon and Helikon 1 are similar, aiding the development of a simplified geological code that was used in the most recent (2019) phase of drilling to identify lepidolite and other lithium mineralisation amenable to processing by L-Max®. For consistency, all of the previous drilling since 2017 was re-logged according to these revised codes. Snowden Mining Industry Consultants Pty Ltd (Snowden) produced an updated Mineral Resource estimate (MRE) for Rubicon and Helikon 1 in January 2020, reported in accordance with the JORC Code (2102). This estimate is based on 5,164m of additional diamond drilling undertaken in 2019, with 51 holes completed at Rubicon and 35 holes completed at Helikon 1. Measured and Indicated Resources at Rubicon and Helikon 1 total 8.87Mt @ 0.43% Li_2O (as reported to the ASX in January 2020). Significantly, the updated MRE also includes estimates for the accessory metals caesium (Cs), rubidium (Rb) and potassium (K). The revised MRE for Rubicon and Helikon 1 supersedes the inaugural MRE for these deposits, prepared by The MSA Group, as initially reported to ASX by Lepidico in July 2019. MREs (by The MSA Group) for Helikon 2-5, remain unchanged but do not include assay data for caesium, rubidium or potassium at this time.

Pit optimisations undertaken by Australian Mine Design and Development Pty Ltd (AMDAD) for Rubicon and Helikon 1 demonstrate these Mineral Resources to be potentially economic at a cut-off grade of 0.15% Li_2O.



Project geology and occurrence of LCT-type pegmatites (red stars) within the Karibib Pegmatite Belt.

Ore Reserves

The dip, geometry and near surface location of the mineralised zones at the Karibib Project are suitable for conventional open pit truck and shovel operations with drilling and blasting required to fragment both mineralised rock and waste rock. An industry standard approach to mine planning has been undertaken.

Whittle 4X™ pit optimisation was used by AMDAD to define the location and shape of the open pits for the mine plan. The software uses stable pit wall slopes, mining, processing and administration operating costs, process recoveries and product prices to determine the highest value pit shell. It accounts for the interactions of these inputs with the deposit geometry, the depth, width and orientation of the mineralised zones and the grade distribution of the target product within those zones. The highest value, or optimised, pit shell is then used to guide design of a practical working pit including wall slope designs and access roads.

Pit wall slopes are based on a geotechnical assessment by Pells Sullivan and Meynink engineers. The geotechnical assessment was based on dedicated geotechnical drilling in final pit walls, mapping of fault structures, core assessment and physical rock testing and failure modelling. Inter ramp angles are 55° based on 15m high benches with 8m berms.

The Rubicon pit design has been completed in four stages and Helikon 1 in two stages. The stages have been selected based on value, grade, and strip ratio criteria. The Ore Reserves Statement has been prepared by AMDAD in accordance with the guidelines of the 2012 Edition of the "JORC Code", as reported to ASX in May 2020.

The Karibib Project Ore Reserve is understood to be unique, being the only code compliant estimate globally for both caesium and rubidium, and which also includes other valuable alkali earth metals lithium and potassium. This is a function of the metal endowment of the mineral lepidolite – $K(Li,Al,Rb,Cs)_2(Al,Si)_4O_{10}(F,OH)_2$ – the dominant lithium mineral at Karibib.

Karibib Ore Reserves are understood to be the only publicly quoted code compliant estimates globally of strategic metals caesium and rubidium

Other Exploration

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals for which the Karibib region is prospective, including lithium, caesium, tantalum, gold, copper, tungsten and uranium. Exploration during the latter part of fiscal 2020 was hampered by movement restrictions imposed by the Namibian authorities in response to the COVID-19 pandemic.

A regional exploration program started in early 2020 to evaluate the lithium pegmatite and gold potential within the Karibib exclusive prospecting licence areas. A separate Resource development program also commenced to further evaluate extensions to the known lepidolite deposits and the lepidolite rich broken surface stockpiles at the historical Rubicon and Helikon pegmatite workings.

STRATEGIC RESOURCE DEVELOPMENT

Karibib Mineral Resource estimate

Deposit	Resource Category	Tonnes (M)	Li_2O (%)	Rb (%)	Cs (ppm)	Ta (ppm)	K (%)
Rubicon*	Measured	2.20	0.57	0.27	389	51	2.14
+	Indicated	6.66	0.38	0.22	274	42	2.06
Helikon 1*	Inferred	0.17	0.70	0.29	1100	150	2.18
	Total	9.04	0.43	0.23	318	46	2.08
Helikon2#	Inferred	0.216	0.56				
Helikon3#	Inferred	0.295	0.48				
Helikon4#	Inferred	1.510	0.38				
Helikon5#	Inferred	0.179	0.31				
	Measured	2.20	0.57	0.27	389	51	2.14
Global	Indicated	6.66	0.38	0.22	274	42	2.06
	Inferred	2.37	0.43				
	Total	11.24	0.43				

Source: *Snowden estimate cut-off 0.15% Li_2O; #MSA Group estimate cut-off 0.20% Li_2O

Karibib Ore Reserve estimate

Pit	Mt	Li_2O %	Rb %	Cs ppm	Ta ppm	K %
Rubicon Pit						
Proved	1.38	0.55	0.28	350	50	2.17
Probable	3.94	0.38	0.20	230	40	2.03
Pit Total	5.32	0.43	0.22	260	40	2.06
Waste	22.84					
Waste: Ore Ratio	4.30					
Helikon 1 Pit						
Proved	0.55	0.69	0.26	560	60	1.93
Probable	0.85	0.51	0.22	550	80	1.79
Pit Total	1.40	0.58	0.24	550	70	1.85
Waste	2.51					
Waste: Ore Ratio	1.80					
Total Project						
Proved	1.93	0.59	0.28	410	50	2.10
Probable	4.79	0.41	0.21	290	40	1.99
Total Ore	6.72	0.46	0.23	320	50	2.02
Waste	25.35					
Waste: Ore Ratio	3.80					

Source: AMDAD

Competent Persons' Statements

The information in this report that relates to the Rubicon and Helikon 1 Mineral Resource estimates is based on information compiled by Vanessa O'Toole who is a member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which she is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Vanessa O'Toole was at the time an employee of Snowden Mining Industry Consultants Pty Ltd and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Helikon 2 - Helikon 5 Mineral Resource estimates is based on information compiled by Mr Jeremy Witley, who is a fellow of The Geological Society of South Africa (GSSA) and is a registered professional with the South African Council for Natural Scientific Professions (SACNSAP). Mr Witley is the Head of Mineral Resources at The MSA Group (Pty) Ltd (an independent consulting company). Mr Witley has sufficient experience relevant to the style of mineralisation and the types of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Witley consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

The information in this report that relates to the Helikon 1 and Rubicon Ore Reserve estimates is based on information compiled by John Wyche who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the type of deposit and mining method under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Wyche is an employee of Australian Mine Design and Development Pty Ltd which is an independent consulting company. He consents to the inclusion in the report of the information compiled by him in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Mr Tom Dukovcic, who is an employee of the Company and a member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the styles of mineralisation and the types of deposit under consideration, and to the activity that has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Dukovcic consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Mr Gary Johnson
Chair (Non-executive)
Qualifications - MAusIMM, MTMS, MAICD

Mr Julian "Joe" Walsh
Managing Director (Executive)
Qualifications - BEng, MSc

Ms Cynthia Thomas
Non-Executive Director
Qualifications - B.Com, MBA

Mr Mark Rodda
Non-Executive Director
Qualifications - BA, LLB

MANAGEMENT TEAM

JOINT COMPANY SECRETARY

Mr Alex Neuling
Qualifications: BSc, FCA (ICAEW), FCIS

CHIEF FINANCIAL OFFICER & JOINT COMPANY SECRETARY

Ms Shontel Norgate
Qualifications: CA, AGIA ACIS

GENERAL MANAGER – GEOLOGY

Mr Tom Dukovcic
Qualifications: BSc (Hons), MAIG, MAICD

GENERAL MANAGER – BUSINESS DEVELOPMENT

Mr Peter Walker
Qualifications: ScENG, CENG, ARSM

SUSTAINABILITY

The aim of this third sustainability report is to discuss management's approach to environmental and social responsibility initiatives and how these continue to be integrated into our sustainable business strategy. As with prior years, this report is not a full sustainability report, but rather an insight into the sustainability initiatives Lepidico is undertaking as it transitions, from a pre-development company, into a future lithium producer.

Lepidico is committed to developing a sustainable lithium business providing high quality products whilst minimising environmental and social impacts, with a particular focus on climate and biosphere stewardship. Building sustainability into our systems, values, management practices, behaviours and governance arrangements within a rapidly changing and challenging global environment is embedded within our approach to strategic planning.

As a modern company that is quickly moving forward to the development phase of the P1P, we have embraced the opportunity to integrate social, economic, environmental, and health and safety best practices into project design criteria while also minimising business risks. This is evidenced by ESIAs being aligned with the Equator Principles and IFC Performance Standards, when prevailing local regulatory requirements are far less onerous.

Once the business transitions to a production footing, detailed sustainability performance data metrics will be captured from our operations and contractors. Accordingly, we believe the appropriate timing for full sustainability disclosure will be the year following the commissioning of the P1P, currently scheduled to start in late calendar 2022. Our understanding of the material issues for each business unit have become clearer with the completion of the DFS and will continue to do so as we progress regulatory approval processes and gain input from our stakeholders, especially as their expectations for the management of issues evolves and becomes more complex. Our goal is to be able to report our future activities against the Global Reporting Initiative (GRI) Standards and in the intervening years our systems will evolve to collect the necessary data.

This report provides commentary on our Corporate Social Responsibility (CSR) systems development, commensurate with our risks and opportunities. We look forward to sharing our experiences to date here, and further disclosure in future reports, as we continue on our sustainability journey. We undertake to further engage with a wide group of stakeholders and community groups at our project sites, and we welcome their input and feedback on our CSR reporting.

Corporate Governance

Lepidico continues to implement improvements to our Corporate Governance system as the company grows in complexity to meet our development needs.
In fiscal 2020, the newly established Diversity Committee met and developed the Charter under which it would operate. The Committee reviewed its progress against the FY2020 measurable objectives and set new objectives for FY2021. We continued to benchmark and track gender diversity against our peers and remain committed to providing flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of our employees. In addition, all job descriptions and job titles are gender neutral and inclusive.

The proportion of women employed by Lepidico as at 30 June 2020 is listed below:

Level	2020
	%
Non-Executive Directors	33%
Senior Executive Positions (including Executive Director)[1]	25%
Management	0%
Non-Management	50%
All Employees[2]	33%

1. "Senior Executive" for the purpose of gender representation is defined to mean the Managing Director and his direct reports.
2. Includes full-time, part-time and regular casual employees.

Our Board composition brings together a balanced team of experienced financial, technical and operations professionals. The board works closely with the Lepidico management team to guide the company and has oversight of Lepidico's CSR strategy

The Company has adopted a continuous improvement philosophy and is an early adopter of the 4th edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations (refer to the Corporate Governance Statement for further detail). Governance principles adopted at the head company level are cascaded, as appropriate, to the Company's operations in the UAE and Namibia.

Sustainability Policy and Risk

The Company takes a "top-down" approach to risk management with a developed corporate risk register including a residual risk rating for all risks following the implementation of all planned actions and controls. The risk register covers corporate, exploration, technical evaluation and project implementation activities. Risks are based on the critical tasks identified in the Company's Strategic Plan with risks ranked based on their residual risk rating. The register is reviewed annually, and major risks and management plans are reviewed at Board meetings. The major risks that the company manages include; ongoing financing for project development, securing offtake contracts for products and project implementation risks.

Sustainable Development

Phase 1 demonstrates strong sustainability credentials across all facets of the Project. The DFS demonstrated that Phase 1 is positively differentiated from other conventional lithium process technologies in the fields of sustainability, technical robustness, strategic development and economic outcomes.

Karibib Project, Namibia

- **Existing disturbed brownfield sites with closure plans developed that employ industry best practice and will rectify mining and processing legacy issues, designed to return the site to agricultural land use**
- **Symbiotic co-existence with local farmers and communities**
- **Enhancement of local community infrastructure through roads and water supply**
- **Community support programs developed and focussed on critical resources, health and education, diversity and sustainable micro business development**
- **Social benefits include the creation of 115 direct jobs to benefit local communities and the economy with an estimated eight fold employment multiplier effect within the region**
- **Renewable energy supply is favoured with the local electrical utility objective to have 80% of power generated from renewable sources within 5 years**
- **No tailings storage facility is required as co-disposal of benign dry stacked flotation plant tails with mine waste will be employed, which also increases water recycling significantly**
- **Fossil fuel consumption will be low due to the requirement for only a small scale mining fleet, with electric options to be reviewed as and when right-sized equipment becomes available**
- **The Karibib Project is fully permitted with an existing Environmental Compliance Certification and Mining Licence both in place**

SUSTAINABILITY

ESIA Karibib Operations

Karibib is fully permitted for the re-development of two low strip ratio open pit mines, feeding lithium mica ore to a central mineral concentrator that employs conventional flotation technology. The associated modest footprint maximises the use of disturbed ground from historical operations.

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

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

Of note, Risk-Based Solutions designated the Project as Category B[2] : "Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures."

Furthermore, the ESIA found that, "the proposed Karibib Project development in the ML 204 poses localised negative impacts to the receiving environment with greater offset/trade-offs/benefits in the form of socioeconomic and environmental reclamation of the currently abandoned mine sites. The extent of the proposed mining and minerals processing and ongoing exploration operations are limited in area extent with respect to the ore body, the Rubicon and Helikon 1 pits and supporting infrastructures areas."

[2] Category B projects are considered medium risk. For these reasons, the scope of environmental and social assessment for Category B projects is narrower than that required for Category A projects. Examples of Category B projects may include small to medium scale housing developments in urban areas, restaurants, and light manufacturing: Environmental and Social Policy and Procedures, January 2020, U.S. International Development Finance Corp.

ESIA Abu Dhabi Operations

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

Residue Re-use Opportunities

Lepidico continues to pursue the opportunity for the Phase 1 chemical plant to be a zero-waste facility. The plant will produce two residue streams after impurity treatment, referred to as the Impurity Removal and Aluminium Removal streams. The total tonnage is approximately 120,000tpa (dry basis) produced as a filter cake with a free moisture of 25-30%. These streams contain approximately 60% gypsum: the remaining being alunite and other stable metal hydroxides. Characterisation work completed during the DFS indicates the material is benign and is suitable for remediation of land fill sites and other affected land forms such as tailings dams and as a building material.

A residue usage assessment specific to the UAE was undertaken for the Phase 1 DFS. This work identified that the gypsum residue could be used in the manufacture of cement as a retarding agent. Typically, 5% gypsum is added to cement clinker, sourced from synthetic gypsum (from flue gas desulphurisation) or natural rock gypsum in the case of the UAE. The majority of the gypsum used in the UAE for this application is natural rock gypsum imported from southern Oman.

The remaining residue will be disposed of through the Abu Dhabi Waste Management Centre (Tadweer) which will manage the recycling of the material through its construction products recycling stream and/or its fertiliser factory stream.

Lepidolite Chemical Conversion Plant, Abu Dhabi

- **Chemical plant development is within an established purpose built industrial zone that minimises overall project impacts including land disturbance, traffic, and emissions being close to port facilities**
- **Low energy consumption: gas fired electrical grid power to be supplemented by solar as and when planned new supply comes on-stream**
- **Design incorporating heat recovery equipment to reduce gas consumption**
- **Low emissions with net carbon intensity and solid waste recycling into the building industry in Abu Dhabi**
- **LOH-Max® eliminates the energy intensive production of potentially problematic sodium sulphate, which can't be easily disposed of due to its high solubility**
- **Social benefits – creation of 119 jobs**
- **Through the UAE and Abu Dhabi Vision 2030, there is Government support for new projects and technologies in the economic diversity initiative that reduces reliance on the oil and gas industries and general commodity imports**
- **Project permitting is underway for completion in the December 2020 quarter**

SUSTAINABILITY

Carbon Emissions: Current & Future

At its pre-development stage of evolution Lepidico's carbon emissions are largely associated with air travel and exploration activities, predominantly drilling. The international business footprints necessitates air travel, however, efforts are made to minimise this by employing audio-visual conferencing where possible. In fiscal 2020 Lepidico generated an estimated 501 tonnes of CO_2 compared with 285 tonnes and 234 tonnes in the previous two years respectively.

Being a purely hydrometallurgical process, L-Max® is much less power intensive than conventional chemical conversion of spodumene, allowing the integrated P1P to have a relatively modest carbon intensity versus the industry. A Scope 1 and 2 estimate[3] indicated Phase 1 with a carbon intensity in the range of 5-7t CO_2/t lithium hydroxide monohydrate after credits from amorphous silica and gypsum. No allocation or allowance was made for other by-products, which would have the effect of reducing the intensity. A Scope 3 Project emissions assessment is planned once upstream supply and downstream offtake are finalised and associated emissions are understood.

Water Intensity

Water intensity for the integrated Project is estimated to be modest by industry standards at approximately 50L/kg during the first five years of production, rising to 60L/kg thereafter following a mill expansion in Namibia. A permit for the annual abstraction of up to approximately 210,000m^3 of groundwater from four boreholes within the Company's licence area was granted in 2017. Water intensity for the Namibian operation during the first five years of production is estimated to be 15L/kg of lithium hydroxide, rising to 25L/kg following the planned concentrator expansion. Water consumption intensity for the Abu Dhabi chemical plant is expected to average 35L/kg of lithium hydroxide over the project life.

Land Use Intensity

The aggregate project footprint in Namibia and Abu Dhabi combined is relatively modest and largely on designated industrial land. The brownfield development in Namibia has a footprint of approximately 800 hectares that maximises the use of non-remediated ground disturbed by the historical operations. The formal mine closure plan will address rehabilitation of historically impacted areas. The chemical plant in Abu Dhabi will be located on a 5.7 hectare plot within the KIZAD industrial park.

Ore Concentrator Waste Minimisation

The Karibib Project concentrator tailings will be a benign mix of predominantly feldspar and quartz with some residual mica, which will be filtered to recycle water and co-disposed with mine waste rock, thereby eliminating the requirement for a dedicated tailings storage facility.

Social, Community & Stakeholder Consultation

Lepidico conducted a Socio-Economic Baseline Study in March 2020, focused on the relevant communities in the broader Karibib region. This revealed three broad categories to prioritise support for the local communities:

1. Projects/investments with high employment creation potential – to be aligned to the relatively abundant and diverse local labour force.
2. Well-equipped vocational centres for tailor-made training/skills enhancement, targeting unemployed youth and women.
3. Diversification and value addition initiatives for food security enhancement and poverty alleviation, targeting vulnerable groups and farmers.

Based on several stakeholders' meetings and the socio-economic baseline assessments in the area, Lepidico has identified five key objectives where it can add the greatest value in its support of local communities.

1. Taking a systemic and strategic approach towards sustainability to do no harm and stop making tomorrow's legacies today.
2. Improved local governance to effectively deliver basic services and development.
3. Infrastructure Development.
4. Local Economic Development for Business and Job Creation.
5. Education Development.

[3] Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, 2004

These objectives will be achieved through both shorter-term components of work, which are planned to start in 2021 (COVID-19 dependent) and longer-term components that involve greater stakeholder participation and consultation in their scoping and implementation.
In 2020, Lepidico further developed its operating management systems. Internal goals focus on governance, occupational health and safety, the environment and meeting project milestones. Both the exploration and project development groups report against these indicators and a summary is tabulated below.

Shareholder engagement

The executive management team regularly engage with the investment community in Australia and in other major financial centres globally. There is ongoing dialogue with shareholders, brokers, financial analysts, prospective institutional investors, family offices, private equity and sovereign wealth funds and prospective strategic investors around the world. We believe that Lepidico has international investment appeal. The Company is committed to enhancing its investment appeal by delivering on its stated strategy from its platform on the Australian Securities Exchange (ASX).

Lepidico has established a suite of Corporate Governance documents and Charters to meet ASX standard disclosure requirements, which are available at the Company's website.

Intellectual Property

Lepidico currently holds International Patent Application PCT/AU2015/000608 and a granted Australian Innovation Patent (2016101526) in relation to the L-Max® Process. During the 2020 year the Company received notification of the grant of the Australian, Japanese and US patents, and confirmation of the decision to grant the European patent in relation to the Company's 100% owned L-Max® process technology.

National and regional phase patent applications are well advanced in other key jurisdictions. Patent application processes also continue to advance for Lepidico's other proprietary processes including the production of caesium, rubidium and potassium brines and LOH-Max®, for the production of lithium hydroxide monohydrate from a lithium sulphate intermediate, without the generation of by-product sodium sulphate.

Goal	Outcome	Comments
Governance	Compliance	In compliance with all exploration licence conditions in Namibia.
Occupational Health & Safety		
Zero Fatalities	Yes	No Fatalities.
Zero Lost Time Incidents	Yes	No LTIs.
Zero Medical Aid Incidents	Yes	No MAIs.
OHS Management System	Established	OHS Policy and OHS Management Plan.
Environment		
Zero Major Incidents	Yes	No major spills or incidents at managed sites.
Environmental Management System	Yes	Sustainable Development Policy in place.
Environmental Baseline Studies	Ongoing	Phase 1 Plant studies continued in Namibia and Abu Dhabi. ESIA completed for Karibib mine and concentrator to IFC Environmental & Social Standards. ESIA to be completed on the Chemical Plant to IFC standards despite only requiring a Preliminary Environmental Review due to low environmental impact.
Metallurgical Studies		
Metallurgical Studies (waste minimisation)	Ongoing	Implementation of filtered dry stacked tailings co-disposal with mine waste thereby eliminating the requirement for a dedicated wet tailings storage.
Social & Community		
Communities	Ongoing	Consultation with KIZAD officials in Abu Dhabi. Namibian Ministry of Lands and Reformation engaged to work together with Lepidico to develop a formal land use agreement. Community meetings to negotiate Cohabitation Agreement with the involvement of traditional owners and local farmers from the area.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Lepidico Ltd (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with the 4th edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

This Statement was approved by the Board of Directors and is current as at 2nd October 2020.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX Recommendation 1.1: A listed entity should have and disclose a board charter setting out:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management..

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective Board and management functions and responsibilities. A copy of this Board Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

ASX Recommendation 1.2: A listed entity should

(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company has complied with this recommendation.

Information in relation to Directors seeking election and/or re-election is set out in the Directors report and Notice of Annual General Meeting.

ASX Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has complied with this recommendation.

The Company has in place written agreements with each Director and Senior Executive.

ASX Recommendation 1.4: The company secretary of a listed company should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the Board through the Chair.

ASX Recommendation 1.5: A listed entity should:

(a) have and disclose a diversity policy;

(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and

(c) disclose in relation to each reporting period:

- **(1) the measurable objectives set for that period to achieve gender diversity;**
- **(2) the entity's progress towards achieving those objectives; and**
- **(3) either:**
  - **(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or**
  - **(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company has complied with this recommendation.

The Company has adopted a Diversity Policy which is available in the Corporate Governance section of the Company's website at www.lepidico.com.

The table below sets out the measurable objectives for the 2020 financial year and provides details on the progress of the Company toward achieving them:

Objective	Results
Gain baseline data understanding of representation of women in all operating jurisdictions.	Baseline data for representation of women in the workforce in Australia and Canada established. Relevant national data for Namibia and UAE will be sought as part of the Environment and Social Impact Assessments for the Phase 1 Project.
Ensuring that recruitment is made from a diverse pool of qualified candidates. Where appropriate, a professional recruitment firm shall be engaged to select a diverse range of suitably qualified candidates.	No new staff members were recruited during the 2020 financial year. This protocol will be adhered to for all future recruitment.
To ensure that in the interview process for each Director and/or senior executive position there is at least an equal number of females on the interview panel.	No new staff members were recruited during the 2020 financial year. This protocol will be adhered to for all future recruitment.
Support community led programmes empowering women and ending discrimination.	Preparations for community programmes in the Karibib area, Namibia started during the year but were suspended due to COVID-19 and austerity measures.

Capital for Representation

The proportion of women employed by the Company as at 30 June 2020 is listed below:

Level	2020
Non-Executive Directors	33%
Senior Executive Positions (including Executive Director)[1]	25%
Management	0%
Non-Management	50%
All Employees[2]	33%

(1) "Senior Executive" for the purpose of gender representation is defined to mean the Managing Director and his direct reports.

(2) Includes full-time, part-time and regular casual employees.

ASX Recommendation 1.6: A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company has complied with this recommendation.

The Company's Board Charter outlines the process for evaluating the performance of the Board and its Committees.

In accordance with this process, Board evaluation questionnaires were provided to each member of the Board in order to assess the performance of the individual Director, the Board as a whole, Committees of the Board and the Managing Director.

The completed questionnaires are provided to the Chair of the Nomination and Remuneration Committee and are used by the Board to review and discuss the performance of the Board as a whole, its Committees and individual Directors.

If it is apparent that there are problems which cannot be satisfactorily considered by the Board itself, the Board may decide to engage an independent adviser to undertake this review.

A performance review was undertaken for the reporting period.

ASX Recommendation 1.7: A listed entity should:

(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and

(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company has complied with this recommendation.

The Company has in place procedures for evaluating the performance of its senior executives overseen by the Nomination and Remuneration Committee. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

A performance review was undertaken for the reporting period.

PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

ASX Recommendation 2.1: The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) chaired by an independent director;

and disclose:

(3) the charter of the committee;

(5) the members of the committee; and

as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company has complied with this recommendation.

The members of the Committee, the number of meetings held during the financial period and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual Report.

A copy of the Committee's Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

ASX Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.

The Company has complied with this recommendation.

The Board has established a skill matrix. On a collective basis the Board has the following skills:

Area	Board Skill and Experience
Strategic expertise	Ability to identify and critically assess strategic opportunities and threats and develop strategies. Experience as a Director, CEO, CFO or other officeholder or similar in medium sized entities.
Specific industry knowledge	Senior executive, advisory or board experience in the resources sector including exploration, mineral resource project development, mining and mineral processing, and mineral/chemical process development. Relevant tertiary degree or professional qualification.
International experience	An understanding of the complexities of operating in foreign jurisdictions. Experience in and exposure to multiple cultural, regulatory and business environments.
Accounting and finance	Senior executive experience in financial accounting and reporting, or business development or board remuneration and nomination committee experience. Relevant tertiary degree or professional qualification. Board audit committee experience. Ability to read and comprehend the Company's accounts, financial material presented to the Board, financial reporting requirements and an understanding of corporate finance.
Legal and governance	Relevant tertiary degree or professional qualification. Listed entity board and/or committee experience. Experience in organisations with a strong focus on and adherence to governance standards. Experience in general corporate, mining, fiscal and labour laws and/or the ability to consider the legal requirements of the Company's business operations and transactions contemplated by the Company, across the multiple jurisdictions in which it operates.
Risk management	Ability to identify and monitor risks to which the Company is, or has the potential to be, exposed.
Sustainability	Experience and knowledge of working on sustainability activities directly and/or as part of operational responsibility. Experience in tailoring environmental and social practices to local requirements found in foreign jurisdictions and also adhere to recognised industry best practices.
Experience with capital markets	Experience in corporate finance and the equity/debt or capital markets.
Investor relations	Experience in identifying and establishing relationships with shareholders, potential investors, institutions and equity analysts.

ASX Recommendation 2.3: A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position or affiliation or relationship described in 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and

(c) provide details in relation to the length of service of each Director.

The Company has complied with this recommendation.

In determining a Director's independence, the Board considers those relationships which may affect independence as contained in the 4th edition of the ASX Corporate Governance Principles and Recommendations.

In each case, the materiality of the interest, position, association or relationship is assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

The Company Secretary maintains a register for the purposes of identifying the existence of any transactions between the Director's related parties and the Company and the impact (if any) such transactions (or other factors) may have on a Director's independence which is tabled at each Board Meeting.

The independence and length of service of each Director is as follows:

Director	Independent	Date of Appointment	Length of Service[1]
Mr Gary Johnson	No	9 June 2016	4.1 years
Mr Julian (Joe) Walsh	No	22 September 2016	3.7 years
Mr Mark Rodda	Yes	22 August 2016	3.8 years
Ms Cynthia Thomas	Yes	10 January 2018	2.5 years

[1] Length of service is calculated to 30 June 2020

ASX Recommendation 2.4: The majority of the Board of a listed entity should be independent Directors.

The Company has not complied with this recommendation.

As in ASX recommendation 2.3, the majority of the Board is not considered to be independent.

The Board considers that its current composition is appropriate given the current size and stage of development of the Company and allows for the best utilisation of the experience and expertise of its members.

Directors having a conflict of Interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

ASX Recommendation 2.5: The Chair of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.

The Company has not complied with this recommendation.

The Chair, Mr Gary Johnson is not considered to be an independent Director. Notwithstanding this the Directors believe that Mr Johnson is able to, and does make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.

Mr Joe Walsh is Managing Director of the Company.

ASX Recommendation 2.6: A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The Company has complied with this recommendation.

The Nomination and Remuneration Committee has responsibility for the approval and review of induction procedures for new appointees to the Board to ensure that they can effectively discharge their responsibilities which will be facilitated by the Company Secretary.

The Nomination and Remuneration Committee is also responsible for the program for providing adequate professional development opportunities for Directors and management.

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

ASX Recommendation 3.1: A listed entity should articulate and disclose its values.

The Company has complied with this recommendation.

The Company's strategy, vision and values is reviewed annually and available in the Corporate Governance section of the Company's website at www.lepidico.com.

ASX Recommendation 3.2: A listed entity should:

(a) have and disclose a code of conduct for its directors, senior executives and employees; and

(b) ensure that the board or a committee of the board is informed of any material breaches of that code.

The Company has complied with this recommendation.

The Company has a Code of Conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from directors, senior executives and employees.

A copy of the Company's Code of Conduct is available in the Corporate Governance section of the Company's website at www.lepidico.com.

There were no material breaches of the code during the reporting period.

ASX Recommendation 3.3: A listed entity should:

(a) have and disclose a Whistleblower Policy; and

(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company has complied with this recommendation.

The Company has a Whistleblower Policy and a copy is available in the corporate governance section of the Company's website at www.lepidico.com.

There were no material incidents reported under the Whistleblower Policy during the reporting period.

ASX Recommendation 3.4: A listed entity should:

(a) have and disclose an anti-bribery and corruption policy; and

(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company has complied with this recommendation.

The Company has an Anti-bribery and Corruption Policy and a copy is available in the Corporate Governance section of the Company's website at www.lepidico.com.

There were no material incidents reported under the Anti-bribery and Corruption Policy during the reporting period.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ASX Recommendation 4.1: The Board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of which are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board;

and disclose:

(3) the charter of the committee,

(4) the relevant qualifications and experience of the members of the committee; and

(5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

The relevant qualifications and experience of the members of the Audit and Risk Committee, the number of times the Committee met during the financial period and the individual attendances of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual Report.

ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company has complied with this recommendation.

ASX Recommendation 4.3: A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by the external auditor.

The Company has complied with this recommendation.

Where a periodic corporate report is not required to be audited or reviewed by an external auditor, Lepidico conducts an internal verification process to confirm the integrity of the report, to ensure that the content of the report is materially accurate, and provides investors with appropriate information to make informed investment decisions.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX Recommendation 5.1: A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Company has complied with this recommendation.

A copy of the Continuous Disclosure Policy is available in the Corporate Governance section of the Company's website at www.lepidico.com.

ASX Recommendation 5.2: A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Company has complied with this recommendation.

ASX Recommendation 5.3: A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of that presentation.

The Company has complied with this recommendation.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

ASX Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.

The Company has complied with this recommendation.

The Company's website at www.lepidico.com contains information about the Company's projects, Directors and Management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on the website.

ASX Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has complied with this recommendation.

The Company's Managing Director and General Manager - Geology are the Company's main contacts for investors and make themselves available to discuss the Company's activities when requested. In addition to announcements made in accordance with its continuous disclosure obligations, the Company, from time to time, prepares and releases general investor updates about the Company.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's email contact list.

ASX Recommendation 6.3: A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company has complied with this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting. At each Annual General Meeting the Chair allows a reasonable opportunity for shareholders to ask questions of the Board and the external auditors.

The full text of all notices of meetings and explanatory material are posted on the Company's website at www.lepidico.com as soon as they have been released by the ASX.

ASX Recommendation 6.4: A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company has complied with this recommendation.

The proxy numbers received in advance of a meeting of shareholders are made available for shareholders attending the meeting in person. Where a show of hands is not aligned with the proxy numbers the Chair will call for a poll.

Given the potential health risks and government restrictions in response to the coronavirus pandemic, Lepidico will implement various measures to facilitate shareholder participation at the 2020 AGM, which will include a live webcast. All resolutions will effectively be decided by a poll, allowing all shareholders to vote based on the number of securities held by them. Voting on a poll also allows shareholders to register their vote regardless of whether they attend the meeting or not. Further details about how shareholders can participate at the 2020 AGM will be provided in the 2020 Notice of Meeting.

ASX Recommendation 6.5: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company has complied with this recommendation.

Lepidico has a dedicated email address to handle shareholder communications.

Lepidico's securities registrar, Automic Group, facilitates the provision of communications between Lepidico and its shareholders electronically. Shareholders can make a choice about how they wish to receive information from Lepidico and can elect to receive Lepidico documents including notices of meetings, annual reports and other correspondence electronically. Shareholders can also lodge their proxies electronically.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

ASX Recommendation 7.1: The Board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director;

and disclose:

(3) the charter of the committee,

(4) the members of the committee and

(5) as at each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

The members of the Committee, the number of meetings held during the financial period and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual Report.

ASX Recommendation 7.2: The Board or a committee of the Board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and

(b) disclose, in relation to each reporting period, whether such a review was undertaken.

The Company has complied with this recommendation.

The charter of the Audit and Risk Committee provides that the committee will annually review the Company's risk management framework to ensure that it remains sound.

The Board conducted such a review in relation to the reporting period.

ASX Recommendation 7.3: A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of governance, risk management and internal control processes.

The Company has complied with this recommendation.

Given the Company's current size and level of operations it does not have an internal audit function. The Audit and Risk Committee oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements and monitors the quality of the accounting function.

ASX Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.

The Company has complied with this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives.

The Company's ability to raise capital may be affected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to International, Federal and State laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

ASX Recommendation 8.1: The Board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director;

and disclose:

(3) the charter of the committee,

(4) the members of the committee and

(5) as at each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company has complied with this recommendation.

A copy of the Remuneration and Nomination Committee Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com

The members of the Committee, the number of meetings held during 2020 and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual Report.

ASX Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

The Company has complied with this recommendation.

The Non-Executive Directors are paid a fixed annual fee for their service to the Company as a Non-Executive Directors and additional fixed fees for Board Committee participation. Non-Executive Directors may, subject to shareholder approval, be granted equity-based remuneration.

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in short term incentives and may, subject to shareholder approval and if appropriate, be granted equity based remuneration.

ASX Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose the policy or a summary of that policy.

The Company has complied with this recommendation.

Participants in any Company equity-based remuneration scheme are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

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DIRECTORS' REPORT

The Directors of Lepidico Ltd (Directors) present their report on the Consolidated Entity consisting of Lepidico Ltd (the Company or Lepidico) and the entities it controlled at the end of, or during, the year ended 30 June 2020 (Consolidated Entity or Group).

DIRECTORS

The names of the Directors in office and at any time during, or since the end of, the year are:

Mr Gary Johnson	Non-executive Chair
Mr Joe Walsh	Managing Director
Mr Tom Dukovcic	Geology Director (ceased to be a Director 21 November 2019)
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director
Mr Brian Talbot	Non-executive Director (resigned 9 April 2020)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

CURRENT DIRECTORS

Mr Gary Johnson - Chair (Non-executive)
Qualifications - MAusIMM, MTMS, MAICD

Mr Johnson has over 40 years' experience in the mining industry as a metallurgist, manager, owner, director and managing director possessing broad technical and practical experience of the workings and strategies required by successful mining companies. Gary is a principal and part owner of Strategic Metallurgy Pty Ltd, which specialises in high-level metallurgical and strategic consulting. He has been a Director of the Company since 9 June 2016.

Special responsibilities:
Member of Audit and Risk Committee
Member of the Remuneration and Nomination Committee

Other Current Directorships of listed public companies:
Director of Antipa Minerals Ltd (ASX listed)
Director of St-Georges Platinum and Base Metals Ltd (CSE listed Company)

Former Directorships of listed public companies in the last 3 years:
None

Mr Julian "Joe" Walsh - Managing Director (Executive)
Qualifications - BEng, MSc

Mr Walsh is a resources industry executive, mining engineer and geophysicist with over 30 years' experience working for mining and exploration companies, and investment banks in mining related roles. Joe joined Lepidico as Managing Director in 2016. Prior to this he was the General Manager Corporate Development with PanAust Ltd and was instrumental in the evolution of the company from an explorer in 2004 to a US$2+billion, ASX 100 multi-mine copper and gold company. Joe has extensive equity capital market experience and has been involved with the technical and economic evaluation of many mining assets and companies around the world.

Special responsibilities:
Member of the Diversity Committee

Other Current Directorships of listed public companies:
None

Former Directorships of listed public companies in the last 3 years:
None

Mr Mark Rodda - Non-Executive Director
Qualifications - BA, LLB

Mr Rodda is a lawyer and consultant with over 20 years' private practice, in-house legal, company secretarial and corporate experience. Mr Rodda has considerable practical experience in the management of local and international mergers and acquisitions, divestments, exploration and project joint ventures, strategic alliances, corporate and project financing transactions and corporate restructuring initiatives. Mark currently manages Napier Capital Pty Ltd, a business established in 2008 to provide clients with specialist corporate services and assistance with transactional or strategic projects. Prior to its 2007 takeover by Norilsk Nickel for in excess of $6 billion, Mark held the position of General Counsel and Corporate Secretary for LionOre Mining International Ltd, a company with operations in Australia and Africa and listings on the TSX, LSE and ASX.

Special responsibilities:
Chair of the Remuneration and Nomination Committee
Member of Audit and Risk Committee
Member of the Diversity Committee

Other Current Directorships of listed public companies:
Director of Antipa Minerals Ltd

Former Directorships of listed public companies in the last 3 years:
None

Ms Cynthia Thomas – Non-Executive Director
Qualifications – B.Com, MBA

Ms Thomas has over 30 years' of banking and mine finance experience, and is currently the Principal of Conseil Advisory Services Inc. (Conseil), an independent financial advisory firm specialising in the natural resource industry which she founded in 2000. Prior to founding Conseil, Cynthia worked with Bank of Montreal, Scotiabank and ScotiaMcLeod in the corporate and investment banking divisions. Cynthia holds a Bachelor of Commerce degree from the University of Toronto and a Masters in Business Administration from the University of Western Ontario.

Special responsibilities:
Chair of Audit and Risk Committee
Chair of the Diversity Committee
Member of the Remuneration and Nomination Committee

Other Current Directorships of listed public companies:
Executive Chair of Victory Nickel Inc. (CSE listed)

Former Directorships of listed public companies in the last 3 years:
None

COMPANY SECRETARIES

Mr Alex Neuling
Qualifications: BSc, FCA (ICAEW), FCIS

Mr Neuling has extensive corporate and financial experience including as director, chief financial officer and/or company secretary of various ASX-listed companies in the mineral exploration, mining, oil and gas and other sectors. Alex is principal of Erasmus Consulting, which provides company secretarial and financial management consultancy services to ASX-listed companies. In addition to his professional qualifications, Alex also holds a degree in Chemistry from the University of Leeds in the United Kingdom.

Ms Shontel Norgate
Qualifications: CA, AGIA ACIS

Ms Norgate is a Chartered Accountant with over 20 years' experience in the resources industry including debt and equity finance, financial reporting, project management, corporate governance, commercial negotiations and business analysis experience in finance and administration. Prior to joining Lepidico Shontel was CFO for ten years with TSX-listed resources company, Nautilus Minerals Inc. Prior to her appointment at Nautilus Minerals, Ms Norgate was Financial Controller with Macarthur Coal Ltd and Southern Pacific Petroleum NL, both listed on the ASX and commenced her career as an auditor with Price Waterhouse (now PricewaterhouseCoopers)

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2020, and the number of meetings attended by each director.

	Full Board Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings		Diversity Committee Meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Mr Gary Johnson	5	5	2	2	2	2	0	0
Mr Joe Walsh	5	5	0	0	0	0	2	2
Mr Tom Dukovcic	2	2	0	0	0	0	0	0
Mr Mark Rodda	5	5	2	2	2	2	2	2
Mr Brian Talbot	4	4	0	0	0	0	0	0
Ms Cynthia Thomas	5	5	2	2	2	2	2	2

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF LEPIDICO

As at the date of this report, the notifiable interests held directly and through related bodies corporate or associates of the Directors in shares and options of Lepidico are:

	Number of fully paid ordinary shares	Number of options
Mr Gary Johnson	367,762,575	31,352,379
Mr Joe Walsh	31,220,000	45,735,000
Mr Mark Rodda	-	22,500,000
Ms Cynthia Thomas	-	15,000,000
	398,982,575	114,587,379

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the financial year was mineral exploration and development, and development of proprietry technologies, including: L-Max®, S-Max® and LOH-Max®.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included in this report 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.

DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2020, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

SUMMARY REVIEW OF OPERATIONS

For the financial year ending 30 June 2020 the Group recorded a net loss after tax of $10,118,237 (2019: $5,105,014) and a net cash outflow from operations of $4,676,482 (2019: $3,503,582).

The net assets of the Group increased to $59,189,215 at 30 June 2020 (2019: $38,589,652).

DEVELOPMENT

Integrated Phase 1 Project Feasibility Study
In May 2020, the Company released the results of its vertically integrated Phase 1 Project Definitive Feasibility Study. The Study is based on a commercial scale L-Max® plant processing a lithium-mica concentrate feed at a rate of 6.9 tonnes per hour (tph) to produce approximately 4,900tpa of nominal battery grade lithium hydroxide monohydrate and a suite of high value and bulk by-products, over 14 years. Converting other products to lithium carbonate equivalent gives implied total production of over 7,000tpa LCE. The relatively modest size of Phase 1 for a lithium chemical project is important as project development and operating risks tend to increase exponentially with scale.

The Feasibility Study is based on an integrated mine, concentrator and chemical conversion plant development that collectively has compelling investment fundamentals, including an $NPV_{8\%}$ of US$221 million (A$340 million) and an Internal Rate of Return of 31% ungeared.

Ore Reserves at Karibib, Namibia total 6.7 million tonnes grading 0.46% Li_2O, 0.23% rubidium and 320ppm caesium, a 60% conversion from Mineral Resources of 11.24 million tonnes, which highlights the potential for further Ore Reserve expansion. Karibib is understood to be the only JORC Code (2012) (or NI43-101) compliant Ore Reserve estimate for both rubidium and caesium globally and therefore represents a unique opportunity for the production of these strategic metals, of which, the United States is totally reliant on imports. Furthermore, lithium, caesium, rubidium and potash, the main Phase 1 Project products, are all on the U.S. Government list of 35 Critical Minerals, making the Project strategically significant.

Karibib is fully permitted for the re-development of two open pit mines feeding lithium mica ore to a central mineral concentrator that employs conventional flotation technology. The waste to ore ratio at Karibib is just 0.5 to 1 for the first two years and 3.8 to 1 life of mine. This brownfield development has a modest footprint that maximises the use of ground used by the historical operations. An Environment and Social Impact Assessment (ESIA) has been undertaken to IFC Standards and was completed in July 2020.

Concentrate is shipped to a chemical conversion plant to be built in the Khalifa Industrial Zone of Abu Dhabi (KIZAD) that employs Lepidico's proprietary process technologies. Main products of lithium hydroxide monohydrate (lithium hydroxide or LiOH), caesium formate and rubidium sulphate are augmented by bulk by-products of SOP fertiliser and amorphous silica, with the latter used as a partial supplement for cement, which may attract a significant carbon credit. Industry competitive operating costs after credits from by-products include an average C1 Cost of US$1,656/t (LCE) and an All in Sustaining Cost (AISC) of US$3,221/t for the integrated Project.

Abu Dhabi is the world's largest producer of sulphur, used in the manufacture of sulphuric acid, which is a key reagent in the proprietary L-Max® process. It is planned that acid will be purchased for the first three years of operation prior to a dedicated acid plant being built, which will also generate power from waste heat. L-Max® is a hydrometallurgical process that is much less power intensive than conventional chemical conversion of spodumene, allowing the Phase 1 Project to have a modest carbon intensity versus the industry. An ESIA is planned for the chemical conversion plant to commence in July 2020, also undertaken to IFC Standards, which will run in parallel with project permitting.

Development capital of US$139 million includes a 13.6% contingency and is split 30/70 between the mine and concentrator in Namibia, and the chemical conversion plant in Abu Dhabi. Capital intensity is industry competitive at US$27,900/t LCE for an integrated hard rock project and just US$17,400/t LCE on a net of by-products basis.

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

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

Alvarrões Lepidolite Mine (Gonçalo), Portugal[1], Feasibility Study
Since its acquisition in 2019, the Karibib Project represents the primary mineral source for the Phase 1 Project DFS. The term sheet for Alvarrões ore off-take with Mota Ceramic Solutions (MCS) lapsed on 9 March 2020 and is not planned to be renewed, with both companies preferring an alternative structure.

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.

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

RESEARCH & DEVELOPMENT

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

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

Most importantly Pilot Plant Campaign 1 confirmed L-Max® viability as a chemical process, as well as the general design parameters for the Phase 1 Plant. In addition, product development work was undertaken during the period on samples generated from Pilot Plant Campaign 1.

Lithium carbonate with a purity of 99.95% was produced from the Pilot Plant. This compares with a nominal battery grade reference purity of 99.5% for many existing producers. Importantly, impurity levels of most deleterious elements for battery grade specifications were below detection limits.

Lithium hydroxide Monohydrate ($LiOH.H_2O$) with a purity of >99.0% (56.5% LiOH) was produced from a batch pilot trial in early January 2020. This is consistent with a nominal battery grade reference purity for many existing producers. Importantly, impurity levels of most deleterious elements for battery grade specifications were below detection limits. These results confirm the viability of LOH-Max® at pilot plant scale as a new process for the production of high purity lithium hydroxide from a lithium sulphate intermediate, importantly without the production of potentially problematic sodium sulphate as a by-product.

The refining of a larger sample of high purity lithium hydroxide monohydrate subsequently commenced, which is being prepared for dispatch to two prospective customers to start the product qualification process subsequent to year end.

On 20 December 2019, Lepidico confirmed that the Letter of Intent with BASF SE (BASF), whereby BASF would be able to purchase lithium hydroxide sourced from Lepidico's integrated Phase 1 Lithium Chemical Project was formally novated to Lepidico and extended to 31 December 2020.

[1] Lepidico announced on 9 March 2017 that it had signed a term sheet for ore off-take from the Alvarrões Lepidolite Mine with Mota Ceramic Solutions, the 66.6% owner and operator of Alvarrões.

The novation and extension agreement followed a visit by BASF to Lepidico's Pilot Plant in Perth and provides BASF and Lepidico sufficient time to work towards completion of a definitive qualification and offtake agreement.

BASF has confirmed that it continues to have the capability to assess chemical products despite implementation of COVID-19 related measures.

Sulphate of potash (SOP) of more than 96% purity was produced from the pilot plant trial, equivalent to 52.2% K_2O, a high purity product. Importantly this result also confirms the design parameters for the SOP recovery circuit in the Phase 1 Plant. A specification sheet for product marketing was produced and prospective customers for this product were identified. Engagement with prospective customers also identified the crystallinity and solubility specifications required for a premium product. Marketing started in February 2020 but was subsequently interrupted by COVID-19 travel restrictions.

Amorphous silica further testwork was undertaken on the leach residue from Pilot Plant Campaign 1 to identify potential application of this product stream as a supplementary cementitious material. This work involved grinding the leach residue to target particle sizes of P_{80} 25µm, P_{80} 10µm and P_{80} 5µm. Sub-samples of the milled products were tested for compressive strength and specific surface area determination with encouraging results.

Multiple consumers have indicated interest in this product globally. Samples were generated in February, with some dispatched to consumers. Further samples are planned to be distributed for analysis once COVID-19 related restrictions are revoked. In country marketing activities in the UAE have been suspended with engagement undertaken from Australia until Lepidico implemented travel restrictions are lifted.

Caesium & Rubidium (Cs & Rb) The process technology for producing rubidium and caesium compounds is owned by Lepidico and subject to a stand-alone international patent application filed in February 2017.

Approximately 100 litres of rubidium-caesium brine was collected during Pilot Plant Campaign 1. This brine was concentrated using a Lepidico proprietary process technology to produce intermediate crystallisation products and a brine containing rubidium and caesium sulphates, which was subsequently converted to two discrete formates.

Non-disclosure agreements have been entered into with three prospective customers and the Company has engagement with several other consumers. One consumer that tested material from the pilot plant indicated that it could consume all Cs and Rb chemical production from the planned Phase 1 Plant. Further samples are being prepared for dispatch to other consumers.

Caesium Rich Formate
A high specification sample of caesium-rubidium formate brine with a specific gravity (SG) of 2.3 was produced from Pilot Plant potassium circuit liquor[2]. The specification of this caesium-rubidium formate appears to meet key criteria for oil and gas industry application. Chlorine and sulphate assays for product manufacturer are pending.

Rubidium Rich Formate
A high specification sample of rubidium rich formate brine with a specific gravity (SG) of 2.1 was produced from the Pilot Plant potassium circuit liquor[2]. A rubidium-rich sulphate was also produced, containing 95% rubidium sulphate, 4% caesium sulphate and 0.7% potassium sulphate.

[2] The Pilot Plant Campaign 1 feed was sourced from Alvarrões, Portugal. Note: lepidolites have similar major metal components (Li, K, Rb, Cs) albeit in varying concentrations between deposits.

Background[3]
Caesium and rubidium compounds have a variety of applications albeit in relatively small quantities. Consumption, import, export and price data for caesium and rubidium are not available as they are not traded in commercial quantities.

Caesium formate is a slightly alkaline salt of caesium hydroxide and formic acid (HCOO-Cs+), which is extremely soluble in water and has a density of $2.4 g/cm^3$ (82% weight). It has applications in the oil and gas industry as a completion fluid[4]. Caesium formate is a high value compound that can be mixed with less expensive potassium formate to make clear brine mixtures with a density range from 1.8 to $2.4 g/cm^3$. Caesium compounds have a variety of applications albeit it relatively small quantities. Consumption, import, export and price data for caesium and rubidium compounds are not available as they are not traded in commercial quantities.

In May 2018, the U.S. Department of the Interior published a list of 35 critical minerals (83 FR 23295) which included caesium, rubidium and lithium minerals. The list was developed to serve as an initial focus for "A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals". Lepidolite is the only known mineral that contains all three of these metals in potentially economic concentrations.

EXPLORATION

Karibib Project (80%)
Snowden Mining Industry Consultants Pty Ltd (Snowden) produced an updated JORC code (2012)-compliant Mineral Resource estimate (MRE) for Rubicon and Helikon 1 in January 2020. This estimate is based on 5,254m of additional diamond drilling undertaken in 2019, with 55 holes completed at Rubicon and 35 holes completed at Helikon 1. Measured and Indicated Resources at Rubicon and Helikon 1 total 8.87Mt @ 0.43% Li_2O. Significantly, the updated MRE also includes estimates for the accessory metals caesium (Cs), rubidium (Rb) and potassium (K). The revised MRE for Rubicon and Helikon 1 supersedes the inaugural MRE for these deposits, prepared by The MSA Group, as initially reported to ASX by Lepidico on 16 July 2019. MREs (by The MSA Group) for Helikon 2-5, remain unchanged but do not include assay data for caesium, rubidium or potassium at this time.

Pit optimisations undertaken by Australian Mine Design and Development Pty Ltd (AMDAD) for Rubicon and Helikon 1 demonstrate these Mineral Resources to be potentially economic at a cut-off grade of 0.15% Li_2O.

The Karibib Ore Reserves Statement, released in May 2020, totalling total 6.7 million tonnes grading 0.46% Li_2O, 0.23% rubidium and 320ppm caesium was prepared by AMDAD in accordance with the guidelines of the Australasian Code for the Reporting of Resources and Reserves 2012 Edition (the JORC Code 2012).

The Karibib Project Ore Reserve is understood to be unique, being the only Code compliant estimate globally for both caesium and rubidium, and which also includes other valuable alkali earth metals lithium and potassium. This is a function of the metal endowment being predominantly associated with the mineral lepidolite, $K(Li,Al,Rb,Cs)_2(Al,Si)4O_{10}(F,OH)_2$.

[3] Source: U.S. Geological Survey.
[4] A completion fluid is a solids-free liquid used to "complete" an oil or gas well. This fluid is placed in the well to facilitate final operations prior to initiation of production. The fluid is meant to control a well should downhole hardware fail, without damaging the producing formation or completion components. Completion fluids are typically high density brines (chlorides, bromides and formates), but in theory could be any fluid of proper density and flow characteristics. The fluid should be chemically compatible with the reservoir formation and fluids, and is typically filtered to a high degree to avoid introducing solids to the near-wellbore area. Seldom is a regular drilling fluid suitable for completion operations due to its solids content, pH and ionic composition.

CORPORATE

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

Desert Lion Energy Business Combination
The previously announced acquisition of all of the outstanding common shares of Desert Lion Energy Inc (Desert Lion) successfully closed on 11 July 2019 with 5.4 Lepidico ordinary shares issued for every 1 Desert Lion share (the Transaction).

In addition, each Desert Lion option was exchanged for a replacement Lepidico option reflecting the exchange ratio and any outstanding warrants of Desert Lion will be adjusted to allow for the acquisition of Lepidico ordinary shares upon their exercise (also reflecting the exchange ratio).

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

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

Controlled Placement Facility of $7.5 million Secured
On 23 December 2019, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to $7.5 million of standby equity capital over the following 26 month period which may be used by the Company to fund future product research and development work, new process technology development and working capital.

Under the CPA Lepidico retains full control of all aspects of the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on Lepidico to utilise the CPA and Lepidico may terminate the CPA at any time, without cost or penalty.

If Lepidico utilises the CPA, it is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by Lepidico and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of Lepidico's choosing.

As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares, at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

The CPA remained undrawn as at 30 June 2020.

Capital Raising
In May 2020 the Company completed a pro-rata Renounceable Entitlement Offer (Entitlement Offer) of fully paid ordinary shares (New Shares) on the basis of one (1) New Share for every nine (9) existing shares held with a 1 for 2 free attaching option (New Options). New Options have an exercise price of 2.0 cents, a term of two years and are listed under the ASX code LPDOC.

The Offer raised $3.6 million (before costs) and issued 514,852,045 New Shares and 257,426,023 New Options. High demand from new investors resulted in the Company agreeing to place a further 37,215,428 fully paid ordinary shares at $0.007 with 18,607,714 attaching LPDOC options to raise an additional $260,508 (Placement).

Patents
L-Max®
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.

In April 2017, the Company proceeded with the national and region phase of L-Max® patent applications in several jurisdictions in which L-Max® may operate in the future.

On 22 October 2019, the US patent was issued for the Company's L-Max® process technology which was followed in March 2020 by the Australian Patent Office issuing a Deed of Letters Patent, in April 2020 the Japanese Patent Office confirming the registration of the L-Max® patent and in June 2020 the grant of patent protection in Europe. 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 2020.

A regional exclusivity clause with a third party licensee of Lepidico's L-Max® technology expired on 30 June 2020.
LOH-Max®

In 2020, an International Patent Application, PCT/AU2020/050090 in relation to the LOH-Max™ Process was filed.

It is expected to the national and regional phase of patent application in the main jurisdictions in which LOH-Max® may operate is likely to commence is 2021. This regional phase of the patent process is expected to continue into 2022.

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

It is expected to the national and regional phase of patent application in the main jurisdictions in brines and other formates may be produced operate is likely to commence in 2021. This regional phase of the patent process is expected to continue into 2022.

S-Max®
In 2019, the Company filed International Patent Applications, PCT/AU2019/050317 and PCT/AU2019/050318 in relation to the S-Max® Process, a hydrometallurgical process, which produces an amorphous silica from concentrates sourced from a range of mica minerals, including lithium micas. The purified amorphous silica may be sold directly or used as a feed to produce a variety of other marketable silica products.

S-Max® employs three stages; grinding, sulphuric acid leach regimes at atmospheric pressure, followed by differential classification and flotation streams. Importantly, S-Max® can be integrated with Lepidico's L-Max® process.

When lithium bearing mica concentrates are treated, the S-Max® leach liquor can feed directly into the first impurity removal stage of the L-Max® process. Furthermore, the leach liquor from non-lithium bearing micas including muscovite and biotite may be treated to produce valuable by-products including sulphate of potash (SOP) fertiliser.

The Company is expected to proceed with the national and regional phase of patent application in the main jurisdictions in which S-Max® may operate in the future. This regional phase of the patent process is expected to continue into 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as mentioned in the Review of Operations, no significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

SUBSEQUENT EVENTS

On 14 September 2020, the Company announced it had established an incorporated subsidiary, Lepidico Chemicals Manufacturing Ltd, in Abu Dhabi and a pre-operations Industrial Licence was awarded for the Phase 1 Project Chemical Plant site within the Khalifa Industrial Zone Abu Dhabi (KIZAD). This license is a precursor to a Musataha Agreement, which entitles its holder to construct a building or to invest in, mortgage, lease, sell, or purchase a plot of land belonging to a third party for a period of up to 50 years.

Other than the matters discussed above there are no other matters or circumstances which have arisen since 30 June 2020 that have significantly affected or may significantly affect:

(a) the Consolidated Entity's operations in future years, or
(b) the results of those operations in future financial years, or
(c) the Consolidated Entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS ON OPERATIONS

The Company plans to continue to implement its strategy to become a vertically integrated lithium chemical company through the commercialisation of its proprietary technologies including L-Max®, S-Max® and LOH-Max® and the ongoing growth, exploration and development of its portfolio of lithium interests.

The nature of the Company's business remains speculative and the Board considers that comments on expected results or success of this strategy are not considered appropriate or in the best interests of the Company.

INSURANCE AND INDEMNITY OF OFFICERS AND AUDITORS

During the year, the Company paid a premium in respect of a contract insuring the directors of the Company (named above) and the Company Secretaries against liabilities incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

OPTIONS

At the date of this report, the Company has the following options on issue:

Number	Exercise Price	Grant	Expiry
220,518,031	$0.045	30 September 2018	30 September 2020
50,000,000	$0.091	24 November 2017	23 November 2020
9,450,000	$0.040	11 July 2019	25 October 2021
65,000,000	$0.026	23 November 2018	22 November 2021
945,000	$0.100	11 July 2019	31 March 2022
276,033,605	$0.020	18 May 2020	18 May 2022
190,764,921	$0.050	5 June 2019	5 June 2022
3,921,982	$0.100	11 July 2019	21 June 2022
73,000,000	$0.026	21 November 2019	21 November 2022
5,967,000	$0.350	11 July 2019	26 February 2023
18,900,000	$0.020	11 July 2019	14 January 2024
914,500,539			

WARRANTS

At the date of this report, the Company has a contractual obligation to issue Lepidico shares on the exercise of the following warrants in accordance with the Desert Lion Energy Inc business combination:

Number	Exercise Price	Expiry
77,171,784	$0.04	7 December 2020
26,611,896	$0.04	13 December 2020
103,783,680		

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001(*Cth*) for the year ended 30 June 2020 is included in this the Directors' Report.

The Auditor did not provide any non-audit services for the year ended 30 June 2020 (2019: $Nil)

REMUNERATION REPORT (AUDITED)

This remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service Agreements
D. Share Based Compensation

This remuneration report outlines the Director and Executive remuneration arrangements for the Company and Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its Regulations. For this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Company, and includes the highest paid executives of the Company and Group.

The information provided in this remuneration report has been audited as required by section 308(3c) of the Corporations Act 2001.

A. Principles Used To Determine The Nature And Amount Of Remuneration

The Company's remuneration policy is designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering incentives based on the Group's financial results. A Remuneration Committee has been established which makes recommendations to the Board which aims to attract and retain appropriate executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Remuneration Committee considers remuneration of Directors and the Executive and makes recommendations to the Board. Remuneration is considered annually or otherwise as required.

The nature and amount of remuneration for an executive and non-executive director depends on the nature of the role and market rates for the position, which are determined with the assistance of external advisors (where necessary), surveys and reports, taking into account the experience and qualifications of each individual. The Board ensures that the remuneration paid to KMP is competitive and reasonable.

During the financial year, the Remuneration Committee reviewed the elements of KMP remuneration for the year commencing 1 July 2020 including comparative information relating to the KMP remuneration for the Company's peers. The Remuneration Committee recommended no reumuneration increases for the financial year; the recommendation from the Remuneration Committee was approved by the Board.

The following were KMP of the Group during the financial year and unless otherwise indicated were KMP for the entire financial year:

Non-Executive Directors

Mr Gary Johnson	Non-executive Chair
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director
Mr Brian Talbot	Non-executive Director (resigned 9 April 2020)

Executive Director

Mr Joe Walsh	Managing Director

Executives

Ms Shontel Norgate	Chief Financial Officer and Joint Company Secretary
Mr Tom Dukovcic	General Manager - Geology (ceased to be a Director 21 November 2019)
Mr Peter Walker[1]	General Manager – Projects
Mr Alex Neuling[2]	Joint Company Secretary

[1] Mr Walker joined the Company as an employee on 1 July 2019, he previously provided services as a Project Manager through a services agreement with Minmet Services Pty Ltd

[2] Mr Neuling provides services as a the Joint Company Secretary through a services agreement with Erasmus Consulting (Erasmus).

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration
Fees and payments to the Non-Executive Directors reflect the demands made, and the responsibilities placed on the Non-Executive Directors. The maximum annual aggregate directors' fee pool limit is $600,000 and was approved by shareholders at the annual general meeting on 22 November 2018.

The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable companies) and reflect the demands made and the responsibilities placed on the Non-Executive Directors.

Non-Executive Director fees approved by the Board from 1 December 2018 are:

Base fees (annual) Non-Executive Chair	87,600
Other Non-Executive Directors	54,750
Chair of Committee	10,000
Member of Committee	10,000

Effective from 1 April 2020 the Board approved the deferment of payment of Directors Fees until COVID-19 austerity measures are lifted.

Fees for Non-Executive Directors are not linked to the performance of the Company however, to align Directors' interests with shareholders' interests are encouraged to hold equity securities in the Company. Non-executive Directors are also entitled to participate in the Company long term incentive plan (refer *Long Term Incentives (LTIs)* below).

In addition to Directors' fees, Non-Executive Directors are entitled to additional remuneration as compensation for additional specialised services performed at the request of the Board and reimbursed for reasonable expenses incurred by directors on Company business. Non-Executive Directors' fees and payments are reviewed annually by the Board.

Retirement benefits
No retirement benefits or allowances are paid or payable to Non-Executive Directors of the Company other than superannuation benefits.

Other benefits
No motor vehicle, health insurance or other similar allowances are made available to Non-Executive Directors.

Executive Director and Executive Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The remuneration framework aligns executive reward with the achievement of strategic and operational objectives and the creation of wealth for shareholders. The Board ensures that the executive reward framework satisfies the following key criteria in line with appropriate governance practices:

- attract, retain, motivate and reward executives;
- reward executives for Company and individual performance against pre-determined targets/benchmarks;
- link rewards with the strategic goals and performance of the Company;
- provide competitive remuneration arrangements by market standards (for comparable companies);
- align executive interests with those of the Company's shareholders; and
- comply with applicable legal requirements and appropriate standards of governance.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Executive remuneration packages may comprise a mix of the following:

Fixed remuneration
Fixed remuneration comprises base salary and employer superannuation contributions. Salaries are reviewed on an annual basis to ensure competitive remuneration is paid to executives with reference to their role, responsibility, experience and performance. Salaries are reviewed on an annual basis. There are no guaranteed base pay increases included in any executive contracts.

Effective from 1 April 2020 the senior Executives agreed to a 20% payment deferral of Fixed remuneration until COVID-19 austerity measures are lifted.

Short-term incentives (STIs)
STIs comprise cash bonuses. The STIs are structured to provide remuneration for the achievement of individual and Company performance targets linked to the Company's strategic objectives across four areas of focus: Development, Exploration, Financing/Shareholder Value and Governance. At the beginning of each year, performance targets are set by the Board. Where possible, the performance targets are specific and measurable. At the end of each year the Company's performance against the KPIs are assessed by the CEO and presented to the N&R Committee and approved by the Board. STIs may be adjusted up or down in line with under or over achievement relative to target performance levels at the discretion of the Remuneration Committee.

During the year the Company achieved the significant milestone of completing the Definitive Feasibility Study for the integrated Phase 1 Project incorporating the Ore Reserve from the Karibib Project in Namiba following the business combination with Desert Lion Energy Inc. The Company successfully completed the integration of the Desert Lion group of companies into the Lepidico group. The Company advanced discussions with BASF and extended the MOU for LiOH offtake to 31 December 2020. The Company ensured the health and safety of its employees, particularly during the COVID-19 pandemic and successfully raised over $3.8 million in an Entitlement Offer to able the Company to continue its product development work following completion of the Feasibility Study.

Despite the significant milestones achieved during the year, in light of the uncertainty surrounding the economic impacts of COVID-19 the KMP of the Company have forgone any STIs for the year ended 30 June 2020. Therefore no STIs were payable to KMP of the Company or Group as at 30 June 2020 (2019: $322,373)

Long term incentives (LTIs)
LTIs comprise options granted at the recommendation of the Remuneration Committee in order to align the objective of Directors and Executives with shareholders and the Company (refer section D for further information). The issue of options to Directors (Non-Executive and Executive) requires shareholder approval.

The grant of share options has not been directly linked to previously determined performance milestones or hurdles as the current pre-development stage of the Group's activities makes it difficult to determine effective and appropriate key performance indicators and milestones.

Persons granted options are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit his or her exposure to the economic risk in relation to the securities.

Consequences of Performance on Shareholder Wealth
Executive remuneration is aimed at aligning the strategic and business objectives with the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last 5 years as required by the Corporations Act 2001. However, given the pre-development stage of the business these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. Consequently, there may not be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2016	2017	2018	2019	2020
	$	$	$	$	$
Net Profit/(Loss)	(2,263,225)	(5,357,243)	(7,219,713)	(5,105,014)	(10,118,237)
EPS	(0.005)	(0.003)	(0.003)	(0.002)	(0.002)
Share price at 30 June	0.017	0.013	0.037	0.026	0.007

B. Details Of Remuneration

Amounts of remuneration

Details of the remuneration paid or payable to the directors and Key Management Personnel of the Group are set out in the following tables. Cash Salary and Fees for KMP in 2020 include paid and deferred remuneration which remained unpaid at 30 June 2020:

		Short-term Benefits			Post-employment benefits		Share-based payments Equity Options	Total
		Cash Salary and Fees (Paid)	Cash Salary and Fees (Deferred)	Other (STI)	Retirement Benefits (Paid)	Retirement Benefits (Deferred)	Vested	
		$	$	$	$	$	$	$
Non-Executive Directors								
Mr Gary Johnson	2020	75,000	25,000	-	7,125	2,375	52,500	162,000
	2019	91,667	-	-	8,708	-	60,000	160,375
Mr Mark Rodda	2020	60,000	20,000	-	5,700	1,900	52,500	140,100
	2019	71,667	-	-	6,808	-	60,000	138,475
Mr Brian Talbot [1]	2020	37,500	-	-	3,562	-	52,500	93,562
	2019	60,965	-	-	5,792	-	60,000	126,757
Ms Cynthia Thomas	2020	65,700	21,900	-	-	-	52,500	140,100
	2019	85,901	-	-	-	-	60,000	145,901
Executive Directors								
Mr Joe Walsh [2]	2020	380,500	20,026	-	-	-	105,000	505,526
	2019	369,648	-	182,520	-	-	120,000	672,168
Executives								
Mr Tom Dukovcic [3]	2020	178,721	9,406	-	16,979	894	70,000	276,000
	2019	227,397	-	60,000	21,603	-	80,000	389,000
Ms Shontel Norgate [4]	2020	266,351	14,018	-	-	-	70,000	350,369
	2019	258,754	-	79,853	-	-	80,000	418,607
Mr Peter Walker [5]	2020	316,982	18,414	-	-	-	-	335,396
	2019	-	-	-	-	-	-	-
Mr Alex Neuling [6]	2020	39,150	-	-	-	-	28,000	67,150
	2019	55,356	-	-	-		-	55,356
Total Directors' and KMP remuneration	**2020**	**1,419,904**	**128,764**	**-**	**33,366**	**5,169**	**483,000**	**2,070,203**
	2019	**1,221,355**	**-**	**322,373**	**42,911**	**-**	**520,000**	**2,106,639**

[1] Mr Talbot resigned as Non-Executive Director on 9 April 2020

[2] Mr Walsh is remunerated in Canadian dollars and his total salary paid was C$342,475, with C$18,025 deferred (2019: C$350,000). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C$1.00 for every A$1.111031 (2019: C$1.00 for every A$1.056137).

[3] Mr Dukovcic ceased to be an Executive Director on 21 November 2019

[4] Ms Norgate is remunerated in Canadian dollars and her total salary paid was C$239,733, with C$12,617 deferred (2019: C$245,000). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C$1.00 for every A$1.111031 (2019: C$1.00 for every A$1.056137).

[5] Mr Walker joined the Company as an employee on 1 July 2019, he previously provided services as a Project Manager through a services agreement with Minmet Services Pty Ltd. Mr Walker is remunerated in British pounds and his total salary paid was GBP£168,700, with GBP£9,800 deferred. The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of GBP£1.00 for every A$1.878967

[6] Mr Neuling provides services as the Joint Company Secretary through a services agreement with Erasmus Consulting Pty Ltd (Erasmus). During the year Erasmus was paid or is payable fees of $39,150 (2019: $55,356) for the provision of company secretarial services to the Group.

Loans to Key Management Personnel
There were no loans made to Directors or other KMP of the Group (or their personally related entities) during the current financial period.

Other Transactions with Key Management Personnel

	2020 $	2019 $
Payments to director-related entities [1]	1,229,403	4,003,387

[1] Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were for development of L-Max® technology on an arm's length basis and in 2019 included approximately $2.1 million in equipment purchases relating to the Pilot Plant which were on-charged by Strategic Metallurgy Pty Ltd at cost. As at 30 June 2020 invoices totalling $2,860 (2019: $15,730) were payable.

C. Service Agreements

The remuneration and other terms of agreement for the Company's Managing Director and other KMP are formalised in employment contracts, as set out below.

Mr Joe Walsh, Managing Director (MD) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as MD and provides for an annual review of base remuneration taking into account performance. As previously disclosed, Mr Walsh's remuneration effective from 1 July 2019 includes a salary of C$360,500 per annum. Mr Walsh did not receive any further increase to base salary during the reporting period. Effective 1 April 2020, Mr Walsh deferred payment of 20% of his base salary until COVID-19 austerity measures are lifted. No bonus has been awarded for the financial year ended 30 June 2020.

Termination of the employment agreement requires 6 months written notice. Upon termination, the MD is entitled to receive from the Group all payments owed to him under the employment agreement up to and including the date of termination and any payments due to him pursuant to any relevant legislation by way of accrued annual leave and long service leave. If the Company terminates the agreement for any reason other than for cause the MD will receive 1 month's salary at the time of termination for every year of employment with the Company to a maximum of 6 months' payment (extendable up to 12 months under certain prescribed events).

Mr Tom Dukovcic, GM - Geology (GMG) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as GMG and provides for an annual review of base remuneration taking into account performance. As previously disclosed, Mr Dukovcic's remuneration effective from 1 July 2019 includes a salary of $206,000 per annum inclusive of superannuation. Mr Dukovcic did not receive any further increase to base salary during the reporting period. Effective 1 April 2020, Mr Dukovcic deferred payment of 20% of his base salary until COVID-19 austerity measures are lifted. No bonus has been awarded for the financial year ended 30 June 2020.

Termination of the employment agreement requires 6 months written notice. Upon termination, the GMG is entitled to receive from the Company all payments owed to him under the employment agreement up to and including the date of termination and any payments due to him pursuant to any relevant legislation by way of accrued annual leave and long service leave. If the Company terminates the agreement for any reason other than for cause the GMG will receive 1 month's salary at the time of termination for every year of employment with the Company to a maximum of 6 months' payment (extendable up to 12 months under certain prescribed events).

Ms Shontel Norgate, Chief Financial Officer (CFO) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as CFO and provides for an annual review of base remuneration taking into account performance. As previously disclosed, Ms Norgate's remuneration effective from 1 July 2019 includes a salary of C$252,350 per annum. Ms Norgate did not receive any further increase to base salary during the reporting period. Effective 1 April 2020, Ms Norgate deferred payment of 20% of her base salary until COVID-19 austerity measures are lifted. No bonus has been awarded for the financial year ended 30 June 2020.

Termination of the employment agreement requires 3 months written notice. Upon termination, the CFO is entitled to receive from the Company all payments owed to her under the employment agreement up to and including the date of termination and any payments due to her pursuant to any relevant legislation by way of accrued annual leave and long service leave. If the Company terminates the agreement for any reason other than for cause the CFO will receive 1 month's salary at the time of termination for every year of employment with the Company to a maximum of 6 months' payment (extendable up to 12 months under certain prescribed events).

Mr Peter Walker, General Manager – Project Development (GMP) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as GMP and provides for an annual review of base remuneration taking into account performance. Mr Walker joined the Company as an employee on 1 July 2019, he previously provided services as a Project Manager through a services agreement with Minmet Services Pty Ltd. Mr Walker is employed on a casual basis based on the number of days worked and earned a salary of GBP178,500 for the financial year. Mr Walker did not receive any increase to base salary during the reporting period. Effective 1 April 2020, Mr Walker deferred payment of 20% of his base salary until COVID-19 austerity measures are lifted. No bonus has been awarded for the financial year ended 30 June 2020.

Termination of the employment agreement requires 1 months written notice. Upon termination, the GMP is entitled to receive from the Company all payments owed to him under the employment agreement up to and including the date of termination.

D. Share Based Compensation

Share Holdings
The number of shares and options over ordinary shares in the Group held during the financial year by each director of Lepidico Ltd and other KMP of the Group, including their personally related parties, are set out below:

2020	Balance at start of year	Purchased	Exercised Options	Sold	Other Net Change	Balance at end of year
Non-Executive Directors						
Mr Gary Johnson	365,413,438	2,349,137	-	-	-	367,762,575
Mr Mark Rodda	-	-	-	-	-	-
Mr Brian Talbot[1]	-	-	-	-	-	-
Ms Cynthia Thomas	-	-	-	-	-	-
Executive Directors						
Mr Joe Walsh	30,500,000	720,000	-	-	-	31,220,000
Executives						
Mr Tom Dukovcic[2]	10,146,269	456,689	-	(4,000,000)	-	6,602,958
Ms Shontel Norgate	5,564,022	-	-	-	-	5,564,022
Mr Peter Walker	-	-	-	-	-	-
Mr Alex Neuling	3,553,946	-	-	-	-	3,553,946
Total	415,177,675	3,525,826	-	(4,000,000)	-	414,703,501

[1] Mr Brian Talbot resigned 9 April 2020
[2] Mr Tom Dukovcic ceased being a director 21 November 2019

Option Holdings

2020	Balance at start of year	Granted during the year as remuneration	Purchased during year	Exercised/ Expired during year	Balance at end of year	* Vested and exercisable at end of year
Non-Executive Directors						
Mr Gary Johnson	35,177,810	7,500,000	1,174,569	(12,500,000)	31,352,379	31,352,379
Mr Mark Rodda	20,000,000	7,500,000	-	(5,000,000)	22,500,000	22,500,000
Mr Brian Talbot[1]	7,500,000	7,500,000	-	-	15,000,000	15,000,000
Ms Cynthia Thomas	7,500,000	7,500,000	-	-	15,000,000	15,000,000
Executive Directors						
Mr Joe Walsh	42,875,000	15,000,000	360,000	(12,500,000)	45,735,000	45,735,000
Executives						
Mr Tom Dukovcic[2]	32,710,495	10,000,000	228,345	(12,500,000)	30,438,840	30,438,840
Ms Shontel Norgate	32,778,202	10,000,000	-	(12,500,000)	30,278,202	30,278,202
Mr Peter Walker	-	-	-	-	-	-
Mr Alex Neuling	-	4,000,000	-	-	4,000,000	4,000,000
Total	178,541,507	69,000,000	1,762,914	(55,000,000)	194,304,421	190,304,421

[1] Mr Brian Talbot resigned 9 April 2020
[2] Mr Tom Dukovcic ceased being a director 21 November 2019

Details of the share options granted during the year as remuneration are disclosed in Note 18(d) as approved by shareholders at the Company's Annual General Meeting in November 2019.

This report is made in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Joe Walsh
Managing Director

Dated this 28th day of September 2020

Moore Australia Audit (WA)

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AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LEPIDICO LIMITED

I declare that to the best of my knowledge and belief, for the year ended 30 June 2020 there has been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

Moore Australia

Neil Pace
Partner

MOORE AUSTRALIA AUDIT (WA)
Chartered Accountants

Signed at Perth this 28th day of September 2020.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

as at 30 June 2020

	Note	2020 $	2019 $
Continuing Operations			
Other income	4	63,558	59,110
Business development expenses		(432,830)	(589,148)
Administrative expenses	5	(2,821,926)	(1,827,998)
Employment benefits		(1,655,873)	(1,472,185)
Depreciation		(306,111)	(8,287)
Share based payments		(511,000)	(520,000)
Accretion expense		(901,639)	-
Impairment of property, plant and equipment		(2,026,267)	-
Exploration and evaluation expenditure expensed		(2,229,049)	(630,241)
Realised foreign exchange gain/(loss)		6,697	(116,265)
Loss before income tax		(10,814,440)	(5,105,014)
Income tax benefit/(expense)	6	696,203	-
Loss from continuing operations after tax		**(10,118,237)**	**(5,105,014)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		301,570	93,059
Total comprehensive loss for the year		**(9,816,667)**	**(5,011,955)**
Comprehensive loss for the year attributable to:			
Owners of the parent		(9,373,811)	(5,011,955)
Non-controlling interest		(442,856)	-
		(9,816,667)	(5,011,955)
Loss per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted loss per share	8	(0.002)	(0.002)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	4,792,713	13,660,308
Trade and other receivables	10	1,766,863	1,148,086
TOTAL CURRENT ASSETS		6,559,576	14,808,394
NON-CURRENT ASSETS			
Trade and other receivables	10	72,829	71,729
Property, plant and equipment	11	1,903,630	19,685
Exploration and evaluation expenditure	12	42,725,634	1,928,203
Intangible asset	13	23,870,434	22,925,130
TOTAL NON-CURRENT ASSETS		68,572,527	24,944,747
TOTAL ASSETS		75,132,103	39,753,141
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	564,671	1,077,812
Short-term provisions	15	107,652	85,677
Liability component of convertible note	16	5,215,104	-
TOTAL CURRENT LIABILITIES		5,887,427	1,163,489
NON-CURRENT LIABILITIES			
Deferred Revenue	17	6,629,144	-
Deferred Tax Liability	6	3,426,317	-
TOTAL NON-CURRENT LIABILITIES		10,055,461	-
TOTAL LIABILITIES		15,942,888	1,163,489
NET ASSETS		**59,189,215**	**38,589,652**
EQUITY			
Issued capital	18	80,081,594	59,430,846
Reserves	19	5,707,720	3,858,668
Equity component of convertible note		990,000	-
Accumulated losses		(34,375,243)	(24,699,862)
Equity attributable to owners of the Parent		52,404,071	38,589,652
Non-controlling interests		6,785,144	-
TOTAL SHAREHOLDERS EQUITY		**59,189,215**	**38,589,652**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year ended 30 June 2020

	Attributable to the owners of the Company								
		Reserves							
	Issued Capital	Options	Warrants	Foreign Currency	Equity component of convertible note	Accumulated Losses	Total	Non Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2018	40,733,812	3,377,750	-	(17,141)	-	(19,594,848)	24,499,573	-	**24,499,573**
Loss for the year	-	-	-	-	-	(5,105,014)	(5,105,014)	-	**(5,105,014)**
Other comprehensive loss	-	-	-	93,059	-	-	93,059	-	**93,059**
Options issued	-	565,000	-	-	-	-	565,000	-	**565,000**
Options exercised	363,000	-	-	-	-	-	363,000	-	**363,000**
Fair value of options exercised	160,000	(160,000)	-	-	-	-	-	-	**-**
Shares issued	18,174,034	-	-	-	-	-	18,174,034	-	**18,174,034**
Balance at 30 June 2019	**59,430,846**	**3,782,750**	**-**	**75,918**	**-**	**(24,699,862)**	**38,589,652**	**-**	**38,589,652**
Business combination	16,159,044	716,347	415,135	-	990,000	-	18,280,526	7,228,000	**25,508,526**
Loss for the year	-	-	-	-	-	(9,675,381)	(9,675,381)	(442,856)	**(10,118,237)**
Other comprehensive loss	-	-	-	301,570	-	-	301,570	-	**301,570**
Options issued	-	511,000	-	-	-	-	511,000	-	**511,000**
Options exercised	75,000	-	-	-	-	-	75,000	-	**75,000**
Fair value of options exercised	95,000	(95,000)	-	-	-	-	-	-	**-**
Shares issued	4,321,704	-	-	-	-	-	4,321,704	-	**4,321,704**
Balance at 30 June 2020	**80,081,594**	**4,915,097**	**415,135**	**377,488**	**990,000**	**(34,375,243)**	**52,404,071**	**6,785,144**	**59,189,215**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
For the Year ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government assistance programs		46,964	-
Payments to suppliers and employees		(4,740,040)	(3,560,720)
Interest received		16,594	57,138
Net cash used in operating activities	23	(4,676,482)	(3,503,582)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation activities		(4,923,732)	(1,568,920)
Payments for research and development activities		(2,351,349)	(5,167,505)
Proceeds from research and development tax credit		1,010,808	484,796
Payments for property, plant and equipment		(2,589)	(1,586)
Proceeds from sale of property, plant and equipment		-	2,050
Cash acquired on acquisition of Desert Lion Energy Inc		416,113	-
Acquisition costs of Desert Lion Energy Inc		(1,185,134)	-
Net cash used in investing activities		(7,035,883)	(6,251,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of costs)		3,447,716	18,099,034
Proceeds from exercise of options		75,000	363,000
Net cash provided by financing activities		3,522,716	18,462,034
Net increase/(decrease) in cash held		(8,189,649)	8,707,287
Cash at beginning of financial year		13,660,308	4,859,962
Effect of foreign exchange rate changes		(677,946)	93,059
Cash at end of financial year	9	**4,792,713**	**13,660,308**

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Lepidico Ltd and its controlled entities (the Group or Consolidated Entity or Economic Entity). Lepidico Ltd is a listed public company, incorporated and domiciled in Australia. The financial report of the Group complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions
The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements were authorised for issue on 24 September 2020 by the Directors of the Company. The Directors have the power to amend and re-issue the financial report. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Accounting Policies
(a) Going Concern
The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The ability of the Group to continue as a going concern is dependent on the Company being able to continue to raise additional funds as required to meet ongoing exploration and development programs, working capital and being able to either refinance the Convertible Note (Note 16) or raise additional capital in order to repay the Noteholder.

For the year ended 30 June 2020, the Group incurred a net loss after tax of $10,118,237 and had a net cash outflow from operations of $4,676,482. As at 30 June 2020, the Company had net current assets of $672,149. Further, the consequences of the COVID-19 pandemic have negatively impacted the global economy and created volatile maket dynamics. As a result, the Group has implemented a business austerity plan including curtailment of all non-essential activities, the deferral of all Directors' fees and the deferral of 20% of senior executives' remuneration.

Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate as they believe that the Group will be able to raise additional capital as required based on the successful outcome of previous Entitlement Offers including the most recent Entitlement Offer, where the Company raised $3.8 million (before costs) during the ongoing COVID-19 pandemic. There remains ongoing interest in the Company and the long term outlook for the lithium industry remains robust.

While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. The Company's opinion concerning its ability to secure future financing options is based on currently available information. To the extent that this information proves to be inaccurate, or the COVID-19 pandemic continues for a prolonged period of time and/or impacts capital markets further the future availability of financing may be adversely affected.

Note 1: Statement of Significant Accounting Policies (continued)

(b) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent (Lepidico Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 2.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(d) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;
ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss. The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method).

In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination. Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Note 1: Statement of Significant Accounting Policies (continued)

(d) Goodwill (continued)

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of. Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 1: Statement of Significant Accounting Policies (continued)

(g) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs of site restoration are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Note 1: Statement of Significant Accounting Policies (continued)

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

Note 1: Statement of Significant Accounting Policies (continued)

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

Note 1: Statement of Significant Accounting Policies (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the general approach to impairment, as applicable under AASB 9: Financial Instruments.

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:
- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 1: Statement of Significant Accounting Policies (continued)

(j) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that Entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

(i) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

(ii) income and expenses are translated at average exchange rates for the period; and

(iii) retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(l) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Note 1: Statement of Significant Accounting Policies (continued)

(o) Revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Key Sources of Estimation Uncertainty

The following key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Recoverability of Exploration and Evaluation Expenditure

The recoverability of the exploration and evaluation expenditure recognised as a non-current asset is dependent upon the successful development, or alternatively sale, of the respective tenements which comprise the assets.

(ii) Recoverability of Intangible Asset (Development Expenditure)

The recoverability of capitalised development expenditure recognised as a non-current asset is dependent upon the successful development, or alternatively sale, of the respective intellectual property which comprise the assets. Refer to Note 13 for details of how the development expenditure has been valued.

(iii) Share based payment transactions

The fair value of any options issued as remuneration is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information (if any)), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Note 1: Statement of Significant Accounting Policies (continued)

(r) Intangibles Assets – Intellectual Property Development Expenditure

Such assets are recognised at cost of acquisition. Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributed to the intangible asset during its development.

Capitalised development costs will be amortised over their expected useful life of the intangible asset once full commercialisation or production commences.

(s) New and Amended Accounting Policies Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. As a result the Group has made some changes to its accounting policies as a result of adopting AASB 16: Leases.

AASB 16: Leases

AASB 16: Leases introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at 1 July 2019, the Group did not not have any leases in excess of 12 months of tenure and therefore the Group did not recognise a Right of Use Asset and Lease Liability as at 1 July 2019.

(t) New Accounting Standards for Application in Future Periods

None noted.

(u) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 2: Controlled Entities

The legal corporate structure of the Consolidated Entity is set out below:

	Country of Incorporation	Interest as at 30 June (%)		Principal Activity
		2020	2019	
Parent Entity:				
Lepidico Ltd	Australia			
Subsidiaries of Lepidico Ltd:				
Ashburton Gold Mines NL	Australia	0	100	Deregistered
Trans Pacific Gold Pty Ltd	Australia	0	100	Deregistered
Transdrill Pty Ltd	Australia	0	100	Deregistered
Southern Pioneer Ltd	Australia	0	100	Deregistered
Platypus Resources Ltd	Australia	0	100	Deregistered
Lepidico Holdings Pty Ltd	Australia	100	100	Lithium Exploration and Investment
Li Technology Pty Ltd	Australia	100	100	Holder of L-Max® Technology
Silica Technology Pty Ltd	Australia	100	100	Holder of S-Max® Technology
Mica Exploration Pty Ltd	Australia	100	100	Lithium Exploration
Lepidico (Netherlands) Coöperatief U.A.	Netherlands	100	100	International Holding Company
Lepidico (Netherlands) B.V.	Netherlands	100	100	Global Marketing Company
Lepidico (Canada) Ltd	Canada	100	100	Dormant
Lepidico Holdings (Canada) Inc	Canada	100	100	Holding Company
Lepidico (Canada) Inc (formerly Desert Lion Energy Inc)	Canada	100	-	Management Company
Lepidico (Mauritius) Ltd (formerly Desert Lion Energy (Mauritius) Ltd	Mauritius	100	-	Holding Company
Lepidico Chemicals Namibia (Pty) Ltd (formerly Desert Lion Energy (Pty) Ltd)	Namibia	80	-	Exploration and Development Company

Note 3: Business Combination

(a) Summary of acquisition

On 11 July 2019 the Company announced the completion of the plan of arrangement (the Arrangement), with Desert Lion Energy Inc. (Desert Lion) whereby Lepidico acquired all of the outstanding common shares of Desert Lion for consideration of 5.4 Lepidico ordinary shares for every 1 Desert Lion common share (the Exchange Ratio). The Arrangement, which was announced on 7 May, 2019, was approved by the Desert Lion's shareholders at an annual general and special meeting held on 27 June, 2019. The acquisition provided the Company with with a direct controlling interest in its first quality lepidolite deposits under an awarded mining license, providing a clear path to development.

(b) Purchase Consideration

Details of the purchase consideration are as follows:

	$
Ordinary shares issued to existing Desert Lion shareholders	14,850,084
Options issued to existing Desert Lion option holders	716,347
Warrants issued to existing Desert Lion warrant holders	415,135
Fair value of liability component of convertible note	5,404,960
Fair value of equity component of convertible note	990,000
Change of control payments to Desert Lion senior executives	555,714
Total Purchase Consideration	**22,932,240**

The fair value of the 571,157,062 shares issued as part of the consideration paid for Desert Lion ($14.850m) was based on the published share price on 11 July 2019 of $0.026 per share.

(c) Net assets acquired

The assets and liabilities recognised as a result of the acquisition are as follows:

	$
Cash	416,113
Trade and other receivables	377,238
Property, plant and equipment	4,543,380
Exploration assets	40,521,647
Trade and other payables	(4,367,774)
Deferred revenue	(6,447,728)
Deferred tax liability	(4,882,636)
Net identifiable assets acquired	30,160,240
Less: non controlling interest	(7,228,000)
Net assets acquired	**22,932,240**

Note 3: Business Combination (continued)

(d) Non-controlling Interest

As part of the transaction the Group acquired an 80% interest in Desert Lion Energy (Pty) Ltd which holds mining and exploration rights for the Karibib Project in Namibia. The Group recognises non controlling interests in an acquired entity either at fair value or at the non controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Desert Lion Energy Inc, the group elected to recognise the non-controlling interests at fair value. See Note 1(c) of the Group's consolidated financial statements for the year ended 30 June 2020 for its Accounting Policy regarding Business Comibinations.

(e) Acquisition related expenses

Acquisition related expenses of $1,134,545 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in investing cash flows in the statement of cash flows.

Note 4: Revenue

	2020 $	2019 $
Interest	16,594	57,060
Profit on sale of property, plant and equipment	-	2,050
Government assistance programs	46,964	-
Other Income	**63,558**	**59,110**
Total Revenue	**63,558**	**59,110**

Note 5: Administrative Expenses

	2020 $	2019 $
Office & general	292,643	339,690
Professional services	657,918	250,100
Compliance related	487,945	369,636
Travel	248,175	460,550
	1,686,681	1,419,976
Other Significant Administrative Expenses		
The following significant expenses were incurred during the period and impacted the financial performance:		
Desert Lion Energy acquisition costs	1,135,245	408,022
Total Administrative Expenses	**2,821,926**	**1,827,998**

Note 6: Income Tax Expense

		2020 $	2019 $
(a)	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	(696,203)	-
	Losses recouped not previously recognised	-	-
	Income tax expense/(benefit) reported in statement of comprehensive income	(696,203)	-
(b)	The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2019:27.5%)	(3,110,847)	(1,403,879)
	Add tax effect of:		
	- Share based payments	153,300	143,000
	- Foreign expenditure	283,840	178,867
	- Deferred tax balances not recognised	3,014,827	1,032,902
	- Intercompany loans written off	(1,309,956)	-
	- Effect of change in tax rate	(609,565)	-
	- Foreign tax rate differential	(52,215)	-
	- Exploration expenditure written off	668,086	49,731
	- Ajustments to income tax of previous years	297,970	-
	- Other non-allowable items	(31,643)	(621)
	Less tax effect of:		
	- Deferred tax balances not recognised	-	-
	- Losses recouped not previously recognised	-	-
	Income tax expense/(benefit) reported in statement of comprehensive income	(696,203)	-
(c)	Deferred tax recognised:		
	Deferred Tax Liabilities:		
	Karibib assets	(3,426,317)	-
	Exploration expenditure	(4,245)	(1,141)
	L-Max® Technology	(248,698)	(227,973)
	L-Max® Pilot Plant	(723,772)	(272,694)
	Other	(4,396)	-
	Deferred Tax Assets:		
	Carry forward revenue losses	981,111	501,808
	Net deferred tax	(3,426,317)	-

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 6: Income Tax Expense (continued)

		2020 $	2019 $
(d)	Unrecognised deferred tax assets:		
	Carry forward revenue losses	9,257,874	6,190,047
	Carry forward capital losses	293,087	268,663
	Capital raising and other costs	382,736	506,301
	L-Max Licence	21,826	20,007
	Provision and accruals	32,745	8,686
		9,988,267	6,993,703

(e) Tax consolidation:
Lepidico Ltd and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2014. Lepidico Ltd is the head entity of the tax consolidated group.

The tax benefits of the above Deferred Tax Assets will only be obtained if:

a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b) the Company continues to comply with the conditions for deductibility imposed by law; and
c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 7: Auditor's Remuneration

	2020 $	2019 $
Audit services	64,469	39,116

Note 8: Earnings per Share
The calculation of basic profit or loss per share for each year was based on the profit or loss attributable to ordinary shareholders and using a weighted average number of ordinary shares outstanding during the year. The Company's potential ordinary shares were not considered dilutive as the Company is in a loss position.

	2020 $	2019 $
Loss attributable to the ordinary equity holders of the Company	0.002	0.002
	$	$
Loss from continuing operations	10,118,237	5,105,014
	No.	No.
Weighted average number of ordinary shares	4,567,787,554	3,272,423,591

Note 9: Cash and Cash Equivalents

	2020 $	2019 $
Cash at bank and in hand	4,792,713	13,660,308

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 10: Trade and Other Receivables

	2020 $	2019 $
Current		
Prepaid expenses	354,073	35,397
R&D tax rebate receivable	1,194,000	950,000
Goods and services tax receivable	218,790	162,689
Total Current Trade and Other Receivables	**1,766,863**	**1,148,086**
Non-Current		
Cash backed guarantees	72,829	71,729
Total Non-Current Trade and Other Receivables	**72,829**	**71,729**
Total Trade and Other Receivables	**1,839,692**	**1,219,815**

Note 11: Property, Plant and Equipment

	Buildings & Infrastructure	Furniture, Fittings & Equipment	Motor Vehicles	Assets under Construction	Total
	$	$	$	$	$
Cost					
Balance at 1 July 2018	-	105,601	-	-	105,601
Additions	-	1,587	-	-	1,587
Disposals	-	(37,173)	-	-	(37,173)
Balance at 30 June 2019	**-**	**70,015**	**-**	**-**	**70,015**
Acquired on business combination	1,741,511	193,703	215,359	2,392,807	4,543,380
Additions	-	2,590	-	-	2,590
Disposals	-	(241)	-	-	(241)
Balance at 30 June 2020	**1,741,511**	**266,067**	**215,359**	**2,392,807**	**4,615,744**
Accumulated Depreciation					
Balance at 1 July 2018	**-**	**78,552**	**-**	**-**	**78,552**
Depreciation	-	8,287	-	-	8,287
Disposals	-	(36,509)	-	-	(36,509)
Balance at 30 June 2019	**-**	**50,330**	**-**	**-**	**50,330**
Depreciation	148,841	84,333	72,937	-	306,111
Disposals	-	(241)	-	-	(241)
Impairment	-	-	-	2,026,267	2,026,267
Impact of foreign exchange	(18,331)	(9,579)	(8,983)	366,540	329,647
Balance as at 30 June 2020	**130,510**	**124,843**	**63,954**	**2,392,807**	**2,712,114**
Net Book Value					
At 30 June 2019	-	19,685	-	-	19,685
At 30 June 2020	**1,611,001**	**141,224**	**151,405**	**-**	**1,903,630**

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for the Year ended 30 June 2020

Note 12: Exploration and Evaluation Expenditure

	2020 $	2019 $
Exploration expenditure	42,725,634	1,928,203

The recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective mining permits. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production. The impairment of exploration expenditure represents projects that the company is no longer pursuing.

	2020 $	2019 $
Reconciliation of movements during the year:		
Balance at the beginning of year	1,928,203	729,697
Exploration and evaluation assets acquired	40,521,647	-
Exploration and evaluation costs capitalised	2,504,833	1,838,747
Exploration and evaluation costs written off	(2,229,049)	(640,241)
Balance at the end of the year	**42,725,634**	**1,928,203**

Note 13: Intangible assets

	2020 $	2019 $
L-Max® Technology	23,354,178	22,692,203
S-Max® Technology	146,109	136,543
LOH-Max® Technology	370,147	96,384
Intangible assets	23,870,434	22,925,130

The recoverability of the carrying amount of the L-Max®, S-Max® and LOH-Max® Technologies is dependent of the successful development and commercial exploitation or sale of the asset.

Capitalised development costs will be amortised over their expected useful life of the intangible assets once full commercialisation of production commences.

	2020 $	2019 $
Reconciliation of movements during the year:		
Balance at the beginning of year	22,925,130	19,026,700
Development costs capitalised	2,200,112	4,848,430
Research and Development Tax Credit received/receivable	(1,254,808)	(950,000)
Balance at the end of the year	**23,870,434**	**22,925,130**

Note 14: Trade and Other Payables

	2020 $	2019 $
Current		
Trade payables	262,347	648,449
Sundry payables and accrued expenses	302,324	429,363
Total Current Trade and Other Payables	**564,671**	**1,077,812**

Note 15: Provisions

	2020 $	2019 $
Current		
Employee Provisions	107,652	85,677

	2020 $	2019 $
Reconciliation of movements during the year:		
Balance at the beginning of year	85,677	51,030
Provisions acquired	36,300	-
Additional provisions	102,044	89,184
Provisions used/paid out	(112,520)	(54,537)
Impact of foreign exchange	(3,849)	-
Balance at the end of the year	**107,652**	**85,677**

Note 16: Convertible Note

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

At the date of acquisition Lepidico issued 54,539,996 shares to AIP at a deemed value of A$1,308,960 being the prepayment of all interest and fees associated with the Note until maturity.

The fair value of the Note on acquisition was split between the financial liability element and an equity component representing the residual attributable to the option to convert the financial liability into equity of the Company as follows:

	$
Fair value of liability component	4,096,000
Fair value of prepaid interest and fees	1,308,960
Fair value of equity component	990,000
Total fair value of Convertible Note on acquisition	**6,394,960**

The equity component of $990,000 has been credited to equity.

The liability component is measured at amortised cost. The accretion expense for the year is calculated by applying an effective interest rate of 16.8% to the liability component for the period since acquisition. Prepaid interest and fees are amortised against the liability component.

Note 16: Convertible Note (continued)

	$
Carrying amount of the liability component on acquisition	5,404,960
Accretion expense for the financial year	901,639
Amortisation of interest and fees	(780,692)
Impact of foreign exchange	(310,803)
Carrying amount of the liability component	**5,215,104**

Note 17: Deferred Revenue

Deferred revenue of $6,629,144 represents a payment of US$4.5 million (the Deposit) received by Desert Lion Energy from Jiangxi Jinhui Lithium Co Ltd (Jinhui), a private Chinese corporation under an offtake agreement dated 6 November 2017 and subsequently amended on 13 February 2018 (the Jinhui Lithium Offtake Agreement).

The Jinhui Lithium Offtake Agreement provides for the sale of material located in the stockpile at the Karibib project in Namibia.

Following the completion of the first shipment by Desert Lion on 24 April 2018, the Deposit is no longer refundable and does not accrue interest. The remaining balance shall continue to amortise against any future shipments of the stockpile material.

The term of the Jinhui Lithium Offtake Agreement began on 16 November 2017 and ends on the earlier of:-

(i) 60 months following such date; and

(ii) the date that is 15 business days after all concentrate produced from the stockpiled material has been loaded on to the vessel nominated by Jinhui; and has been paid for by Jinhui.

The offtake payment liability of $6,629,144 (US$4,558,272) is classified as unearned revenue as the Deposit is no longer refundable.

Note 18: Contributed Equity

a) Share capital

	2020		2019	
	Number	$	Number	$
Fully paid ordinary shares	5,185,735,038	84,926,182	3,737,703,973	63,858,677
Share Issue Costs		(4,844,588)		(4,427,831)
		80,081,594		59,430,846

Ordinary shares have the right to receive dividends and, in the event of winding-up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Note 18: Contributed Equity (continued)
a) Share capital (continued)

Movements in ordinary share capital

Description	Date	Number of shares	Issue Price	$
Opening Balance	30 June 2019	3,737,703,973		59,430,846
Acquisition of Desert Lion Energy Inc	11 July 2019	571,157,062	0.026	14,850,084
Issue of shares to certain Desert Lion creditors	11 July 2019	571,157,062		1,824,498
Issue of shares to Bacchus Capital Advisers	31 July 2019	0.026		358,452
Exercise of options	6 November 2019	14,850,084	0.015	75,000
Fair value of options exercised	6 November 2019	-	-	95,000
Shares issued as collateral under CPA	23 December 2019	230,000,000	-	-
Entitlement Offer	18 May 2020	552,066,631	0.007	3,864,471
Less: Share issue costs				(416,757)
Closing Balance		5,185,735,038		80,081,594

b) Share options
As at reporting date, Lepidico has the following options on issue:

Number	Exercise Price	Grant	Expiry
220,518,031	$0.045	30 September 2018	30 September 2020
50,000,000	$0.091	24 November 2017	23 November 2020
9,450,000	$0.040	11 July 2019	25 October 2021
65,000,000	$0.026	23 November 2018	22 November 2021
945,000	$0.100	11 July 2019	31 March 2022
276,033,605	$0.020	18 May 2020	18 May 2022
190,764,921	$0.050	5 June 2019	5 June 2022
3,921,982	$0.100	11 July 2019	20 June 2022
73,000,000	$0.025	21 November 2019	21 November 2022
5,967,000	$0.350	11 July 2019	26 February 2023
18,900,000	$0.020	11 July 2019	14 January 2024
914,500,539			

Options carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Group's existing fully paid ordinary shares.

Note 18: Contributed Equity (continued)
b) Share options (continued)

Movements in Options

	Number	Weighted Average Exercise Price $
Balance at 30 June 2018	130,000,000	0.049
Granted	476,282,952	0.044
Exercised	(20,000,000)	0.019
Expired	-	-
Balance at 30 June 2019	586,282,952	0.046
Granted	388,217,587	0.028
Exercised	(5,000,000)	0.015
Expired	(55,000,000)	0.025
Balance at 30 June 2020	914,500,539	0.040

c) Warrants
As at reporting date, the Company has a contractual obligation to issue Lepidico shares on the exercise of the following warrants in accordance with the Desert Lion Energy Inc business combination:

Number	Exercise Price	Recognised	Expiry
77,171,754	$0.04	11 July 2019	7 December 2020
26,611,896	$0.04	11 July 2019	13 December 2020
103,783,680			

Movements in Warrants

	Number	Weighted Average Exercise Price
Balance at 30 June 2019		
Recognised on acquisition	139,797,500	0.141
Exercised	-	-
Expired	(36,013,820)	0.432
Balance at 30 June 2020	103,783,680	0.040

Note 18: Contributed Equity (continued)

d) Share Based Payments

During the year the Company made the following share based payments:

(i) Desert Lion Business Combination

Under the terms of the Arrangement with Desert Lion, the Company issued:

i) 571,157,062 new fully paid ordinary shares (LPD Shares) to existing Desert Lion shareholders at a deemed share price of $0.026 per share;
ii) 39,183,982 new options at exercise prices ranging from $0.02 - $0.35; and
iii) 139,797,500 warrants at exercise prices ranging from $0.04 to $0.44.

The outstanding convertible notes of Desert Lion were adjusted to allow for the acquisition of LPD Shares upon their exercise (reflecting the Exchange Ratio). The Company may therefore issue up to 108,000,000 new LPD Shares upon conversion of the outstanding convertible notes at the election of the holder, on or before 7 December 2020.

The Company also issued 76,020,767 new fully paid ordinary shares to certain creditors of Desert Lion in settlement of debt arrangements, which Desert Lion had intended to settle in common shares at the time of the announcement of the Arrangement but which had not been allotted at transaction close. The deemed share price of $0.024 per share was based on the weighted average share price agreed under settlement of the debt arrangements by Desert Lion adjusted for the Exchange Ratio.

(ii) Bacchus Capital Advisors

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

(iii) Related Party Options

On 21 November 2019, the Company issued a total of 73,000,000 options to directors, employees and consultants under the Company's Share Option Plan and were valued using Black Scholes with the following assumptions:

	Unlisted Options
Number of options in series	73,000,000
Grant date share price	$0.016
Exercise price	$0.025
Expected volatility	88%
Option life	3 years
Dividend yield	0.00%
Interest Rate	2.00%

(iv) Controlled Placement Agreement

On 23 December 2019, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to $7.5 million of standby equity capital over a 26 month period to fund future product research and development work, new process technology development and working capital.

As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares 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).

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 19: Reserves

	2020 $	2019 $
Option Reserve	4,915,097	3,782,750
Warrant Reserve	415,135	-
Foreign Currency Translation Reserve	377,488	75,918
Total Reserves	**5,707,720**	**3,858,668**

a) Option Reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised.

	2020 $	2019 $
Opening Balance	3,782,750	3,377,750
Options issued on acquisition	716,347	-
Option expense for the year	511,000	565,000
Transfer of value on exercise of options	(95,000)	(160,000)
Closing Balance	**4,915,097**	**3,782,750**

b) Warrant Reserve

The warrants reserve is used to recognise the fair value of all warrants contractually recognised but not yet exercised.

	2020 $	2019 $
Opening Balance	-	-
Fair value of warrants recognised on acquisition	415,135	-
Transfer of value on exercise of warrants	-	-
Closing Balance	**415,135**	**-**

c) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

	2020 $	2019 $
Opening Balance	75,918	(17,141)
Movement during the year	301,570	93,059
Closing Balance	**377,488**	**75,918**

Note 20: Contingent Liabilities and Contingent Assets

There are no contingent liabilities as at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 21: Segment reporting
Reportable Segments
The Group operates two reportable segments, being mineral exploration and development of its technologies including L-Max®, LOH-Max® and S-Max®, which reflects the structure used by the Group's management to assess the performance of the Group.

	Mineral Exploration	Technology	Corporate & Unallocated items	Total
	$	$	$	$
(i) Segment performance				
Year ended 30 June 2020				
Revenue	-	-	63,558	63,558
Loss before tax	4,267,014	-	6,547,426	10,814,440
Year ended 30 June 2019				
Revenue	-	-	59,110	59,110
Loss before tax	630,241	-	4,474,773	5,105,014
(ii) Segment assets				
As at 30 June 2020	44,498,939	25,064,434	5,568,730	75,132,103
As at 30 June 2019	1,928,203	22,925,130	14,899,807	39,753,140

Geographical Information

	Australia	Canada	Africa	UAE	Europe	Total
	$	$	$	$	$	$
(i) Segment performance for the year ended:						
30 June 2020						
Revenue	62,573	985	-	-	-	63,558
Loss before tax	2,285,650	3,656,251	2,501,415	17,914	2,353,210	10,814,440
30 June 2019						
Revenue	59,110	-	-	-	-	59,110
Loss before tax	3,989,287	984,790	-	-	130,927	5,105,014
ii) Segment assets						
30 June 2019						
As at 30 June 2020	29,519,849	866,269	44,745,985	-	-	75,132,103
As at 30 June 2019	37,625,789	208,110	19,480	-	1,899,761	39,753,140

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 22: Commitments
Operating lease commitments

	2020 $	2019 $
Not later than one year	-	45,630
	-	45,630

As at 1 July 2019, the Group did not have any leases in excess of 12 months of tenure and therefore the Group did not recognise a Right of Use asset and Lease liability as at 1 July 2019.

Exploration lease commitments
The Group has committed to the following tenement expenditures to maintain them in good standing until they are farmed out, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of.

These commitments, net of farm outs, are not provided for in the financial statements and are:

	30 June 2020 $	30 June 2019 $
Not later than one year	3,002,903	-
After one year but less than five years	1,828,297	-
	4,831,200	-

Note 23: Cash Flow Information

	2020 $	2019 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(10,118,237)	(5,105,014)
Adjustments items not impacting cash flow used in operations:		
Depreciation and amortisation	306,111	8,287
Exploration expenditure written-off	2,229,049	630,241
Fair value of options issued	511,000	520,000
Share based payments	515,538	-
Desert Lion acquisition costs	1,135,245	-
Accretion expense	901,639	-
Impairment of assets under construction	2,026,267	-
(Profit)/Loss on sale of property, plant & equipment	-	(1,387)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(446,492)	(90,362)
Increase/(decrease) in trade and other payables	(1,062,374)	500,006
Increase/(decrease) in provisions	21,975	34,647
Increase/(decrease) in deferred tax liability	(696,203)	-
Cash flow used in operations	(4,676,482)	(3,503,582)

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 24: Related Party Transactions
Key Management Personnel Remuneration

	2020	2019
	$	$
Cash salaries, fees and other short-term benefits	1,548,668	1,543,728
Post employment benefits	38,535	42,911
Share based payments	483,000	520,000
	2,070,203	**2,106,639**

Detailed remuneration disclosures are provided in the remuneration report contained in the Directors' Report.

Payments to director-related parties

	2020	2019
	$	$
Payments to director-related entities(1)	1,229,403	4,003,387

(1) Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were in relation to the development of L-Max® technology on an arm's length basis and in 2019 included approximately $2.1 million in equipment purchases relating to the Pilot Plant which were on-charged by Strategic Metallurgy Pty Ltd at cost. As at 30 June 2020 invoices totalling $2,860 are payable (2019: $15,730).

Note 25: Financial Risk Management

The Group has exposure to the following risks:

(a) Credit Risk
(b) Liquidity Risk
(c) Market Risk

This note presents information on the Group's exposure to each of the above risks, their objectives, policies and processes for measuring risk, and management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately mitigated.

The Group's Audit & Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Note 25: Financial Risk Management (continued)

(a) Credit Risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counter-party.

The Group's cash and cash equivalents are held with HSBC Bank and First National Bank Namibia, and management consider the Group's exposure to credit risk is low.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	2020 $	2019 $
Financial assets			
Cash and cash equivalents	9	4,792,713	13,660,308
Trade and other receivables	10	1,839,692	1,148,086
Total financial assets		**6,632,405**	**14,808,394**

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. Typically, the Group ensures it has sufficient cash on demand to meet expected expenditures, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as the COVID-19 pandemic.

The Company will need to raise additional capital to fund the development of the integrated Phase 1 L-Max® Plant. The decision on how and when the Company will raise future capital will largely depend on the market conditions existing at that time.

The following table analyses the Group's financial liabilities into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the statement of financial position.

30 June 2020

	Note	Carrying amount $	Contractual cash outflows $	Within 1 year $	1-2 years $	2-5 years $
Trade & other payables	14	564,671	564,671	564,671	-	-
Convertible Note[(1)]	16	5,215,104	5,328,465	5,328,465	-	-
Deferred Revenue	17	6,629,144	-	-	-	-
Total		**12,408,919**	**5,893,136**	**5,893,136**	**-**	**-**

[(1)] The Group holds a C$5,000,000 Note, which matures on 7 December 2020. Under the terms of Note, C$1,000,000 must be repaid on the maturity date. The remaining C$4,000,000 may be converted into 108,000,000 shares at a deemed issue price of C$0.037 (A$0.039) per Share at the discretion of the noteholder, AIP Global Macro Fund L.P., on or before the maturity date. As at reporting date the Company's share price was $0.007 (C$0.007). In the event the noteholder does not elect to convert its Note into shares in the Company, the Company will need to refinance or raise additional capital to repay the Note in full.

Note 25: Financial Risk Management (continued)

(b) Liquidity Risk (continued)

30 June 2019

	Note	Carrying amount	Contractual cash outflows	Within 1 year
		$	$	$
Trade & other payables	14	1,077,812	1,077,812	1,077,812
Total		1,077,812	1,077,812	1,077,812

Assets pledged as security
The Convertible Note is secured over the assets acquired by the Company from Desert Lion Energy Inc.

(c) Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

(i) Interest Rate Risk
As at and during the year ended on reporting date the Group had no significant interest-bearing assets or liabilities other than liquid funds on deposit. As such, the Group's income and operating cash flows (other than interest income from funds on deposit) are substantially independent of changes in market interest rates. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below:

		2020		2019	
		%	$	%	$
Financial assets					
Cash assets	Floating rate	0.23%	4,792,713	0.70%	13,858,394

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in higher interest-bearing cash management account.

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk over the reporting period. The sensitivity analysis demonstrates the effect on the current year's results and equity values reported at the end of the reporting period which would result from a 1% change in interest rates.

	2020 $	2019 $
Change in Loss		
Increase by 1%	56,159	82,313
Decrease by 1%	(16,979)	(57,060)
Change in Equity		
Increase by 1%	56,180	82,313
Decrease by 1%	(16,979)	(57,060)

NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 30 June 2020

Note 25: Financial Risk Management (continued)

(c) Market Risk (continued)

(ii) Currency Risk

The Group operates internationally and is exposed to foreign exchange risk on its financial assets and liabilities. Fluctuations in exchange rates may have a significant affect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction. The Group's currency risk arises primarily with respect to the Namibian dollar (NAD) and South African Rand (ZAR), which are equivalent, Canadian dollars (CAD) and United States dollars (USD). In addition, the Company has transactions in British pounds (GBP) and Euro (EUR). The Group has not entered into any derivative financial instruments to hedge such transactions. The Group reivews its foreign currency exposure, including commitments on an ongoing basis.

The Group's exposure to currency risk arising on financial assets and financial liabilities demoninated in various currencies was :

30 June 2020

	NAD	CAD	USD	GBP	EUR
	$	**$**	**$**	**£**	**€**
Cash and cash equivalents	732,529	362,245	9,645	50,360	-
Trade and other receivables	660,719	386,147	-	-	-
Trade and other payables	(2,350,531)	(57,404)	-	(11,074)	-
Liability component – Convertible Note	-	(4,893,627)	-	-	-
Deferred Revenue	-	-	(4,558,272)	-	-
Net currency exposure	**(957,283)**	**(4,202,639)**	**(4,548,627)**	**39,286**	**-**

30 June 2019

	NAD	CAD	USD	GBP	EUR
	$	**$**	**$**	**£**	**€**
Cash and cash equivalents	-	142,673	9,963	-	-
Trade and other receivables	-	60,620	-	-	7,792
Trade and other payables	-	(593,995)	-	-	-
Liability component – Convertible Note	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Net currency exposure	**-**	**(390,703)**	**9,963**	**-**	**7,792**

Note 25: Financial Risk Management (continued)

(c) Market Risk (continued)

ii) Currency Risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	2020	2019
1 USD:AUD	1.491693	1.398216	1.453973	1.422736
1 NAD:AUD	0.095624	0.098477	0.083848	0.100755
1 CAD:AUD	1.111031	1.056137	1.056137	1.086430

Sensitivity Analysis

The following table details the Group's sensitivity arising in respect of translation of its financial assets and financial liabilities to a 10% movement (2019: 10%) in the Australian dollar against the currencies where it has significant currency risk at the reporting date, with all other variables held constant.

	2020 $	2019 $
NAD		
If the NAD had strengthened against the AUD	11,682	-
If the NAD had weakened against the AUD	(11,682)	-
CAD		
If the CAD had strengthened against the AUD	(447,872)	(42,447)
If the CAD had weakened against the AUD	447,872	42,447
USD		
If the USD had strengthened against the AUD	(661,358)	1,417
If the USD had weakened against the AUD	661,358	(1,417)

(iii) Commodity Price Risk

The Group is operating primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are not yet subject to commodity price risk.

(iv) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 26: Parent Entity Financial Information

	2020 $	2019 $
Assets		
Current assets	4,391,351	14,618,365
Total assets	**60,057,622**	**50,364,845**
Liabilities		
Current liabilities	325,310	507,622
Total liabilities	**325,310**	**507,622**
Shareholders' Equity		
Issued capital	112,523,626	94,964,846
Reserves	5,452,792	4,171,241
Accumulated Losses	(58,244,106)	(49,278,865)
Total Shareholders' Equity	**59,732,312**	**49,857,223**
Result of the parent entity		
Loss for the year	(8,228,712)	(3,030,828)
Other comprehensive loss	(611,572)	178,808
Total comprehensive loss for the year	**(8,840,284)**	**(2,852,020)**

(b) Contractual commitments for the acquisition of property, plant and equipment
As at 30 June 2020 the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and contingent liabilities

As at 30 June 2020 the parent entity has no guarantees or contingent liabilities other than as disclosed in Note 20.

Note 27: Events Subsequent to Reporting Date

Industrial License Awarded for Abu Dhabi Free Zone
On 14 September 2020, the Company announced it had established an incorporated subsidiary, Lepidico Chemicals Manufacturing Ltd, in Abu Dhabi and a pre-operations Industrial Licence was awarded for the Phase 1 Project Chemical Plant site within the Khalifa Industrial Zone Abu Dhabi (KIZAD). This license is a precursor to a Musataha Agreement, which entitles its holder to construct a building or to invest in, mortgage, lease, sell, or purchase a plot of land belonging to a third party for a period of up to 50 years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Lepidico Ltd (the Company):

1. The financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the Corporations Act 2001, including:

   a. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2020.

4. Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors.

Joe Walsh
Managing Director

Dated this 28th day of September 2020

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEPIDICO LTD

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion
We have audited the financial report of Lepidico Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
In forming our opinion on the Group financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1(a) to the financial statements concerning the Group's ability to continue as a going concern. The Group's ability to continue as a going concern for at least the next 12 months is dependent on the Company being able to continue to raise additional funds as required to meet ongoing exploration programs, working capital and being able to either refinance the Convertible Note (Note 16) or raise additional capital in order to repay the Noteholder. These conditions, as explained in Note 1(a) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Independence
We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Key Audit Matters
In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Exploration & Evaluation Expenditure and Intangible Assets

Refer to Notes 1(g), and (r), Notes 12 Exploration & Evaluation Expenditure & 13 Intangible Assets

As at 30 June 2020 the Group had capitalised exploration and evaluation expenditure of $42,725,634 and intangible assets with a carrying value of $23,870,434.

The ability to recognise and to continue to defer exploration-evaluation assets under AASB 6 is impacted by the Group's ability, and intention, to continue to explore the tenements or its ability to realise this value through development or sale.

The intangible asset includes the Group's investment in the L-Max® Technology, S-Max® Technology and LOH-Max® Technology, including the cost of acquisition of the technology, subsequent development costs and patent fees capitalised. As part of their annual impairment review, management prepared an analysis of the recoverable amount of the technology which was, in part, based on a "fair value less costs to sell" analysis. Note that given the early stages of development of the technology, there are inherent risks in relying on forecast cash flows as a reliable estimate of value-in-use. Notwithstanding this, they have also considered the results of the vertically integrated Phase 1 Project Definitive Feasibility Study incorporating the Karibib assets, which was completed in May 2020, in their impairment review of the exploration and evaluation and intangible assets.

The carrying values of the capitalised exploration and evaluation and technology assets were key audit matters given the significance of the technology and exploration activities to the Group's balance sheet, and the judgement involved in the assessment of their values.

Our procedures included, amongst others:

- Assessing the methodologies used by management to estimate recoverable amounts of the exploration and evaluation and technology assets, including challenging the methodologies used, testing the integrity of the information provided, and assessing the appropriateness of the key assumptions adopted based on our knowledge of the technology and industry.
- Reviewing minutes of Board meetings, ASX announcements, the latest professional technological and other reports for evidence of any impairment indicators or material adverse changes in relation to the technology asset since completion of the Pre-Feasibility Report and independent valuation report (included in the target's statement document) announced in 2017. There were no such indicators during the year.
- Testing expenditures and other additions to the technology and exploration-evaluation assets during the year on a sample basis against supporting documentation such as supplier invoices and cost agreements and ensuring such expenditures and additions are appropriately recorded in accordance with applicable accounting standards.
- Reviewing the Group's rights to tenure to its areas of interest and commitment to continue exploration and evaluation activities in these interests and ensuring capitalised expenditures relating to areas of interest which are being discontinued or no longer being budgeted for are appropriately impaired.
- Review of an updated JORC code (2012) compliant mineral resource estimate, completed in January 2020 by Snowden Mining industry Consultants Pty Ltd, in respect of ore reserves at Karibib, Namibia.
- Review of the vertically integrated Phase 1 Project Definitive Feasibility Study completed in May 2020, which is based on a commercial scale L-Max Plant, comprising an integrated mine, concentrator and chemical conversion plant development
- Compared the Group's market capitalisation as at 30 June 2020 ($47.2 million) to its net asset position ($57.7 million), noting that the market capitalisation at balance date was lower than net assets, which is an indicator of possible impairment, for further consideration.
- Assessing the appropriateness of the relevant disclosures in the financial statements.

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Key Audit Matters (continued)

Acquisition of Desert Lion Energy Inc

Refer to Note 3 – Business Combination

On 11 July 2019 the Group completed the acquisition of a 100% controlling interest in Desert Lion Energy Inc, which included an 80% interest in the Karibib Project in Namibia, for total consideration of $22.9 million.

Accounting for this transaction is complex, requiring management to exercise judgement to determine the fair value of consideration given, the fair value of acquired assets and liabilities, including determining the allocation of purchase consideration to separately identifiable intangible and other assets.

This is a key audit matter due to the significance of the acquisition and the extent of judgement involved in accounting for the transaction.

Our procedures included, amongst others the following:

- We read the acquisition agreement dated 6 May 2019 and related correspondence, so as to understand key terms and conditions.
- We assessed whether this acquisition should be accounted for under AASB 3/IFRS 3 Business Combinations or AASB 116 Property, Plant and Equipment – the Group accounted for it as an acquisition of a business under AASB3/IFRS3.
- Evaluated the fair value model developed by management to determine the fair value of consideration given and the fair value of acquired assets and liabilities. This included review and evaluation of a Purchase Price Allocation report prepared by an independent, appropriately qualified consultant.
- Assessed the cut-off period (acquisition date) for consolidating the post-acquisition financial performance of the acquired business.
- Assessed the appropriateness of the relevant disclosures in the financial statements.

Related Party Transactions & Share Based Payments to Key Management Personnel

Refer to Remuneration Report, Note 18 d) Share Based Payments, Note 24 Related Party Transactions

During the year ended 30 June 2020, the Group transacted with Key Management Personnel and their related entities including:

- Awarded share-based payments amounting to $511,000 in the form of share options, to Key Management Personnel
- Paid $1,229,403 in development and consulting costs related to the L-Max Technology

As these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third party.

The value of the share-based payments is a key audit matter due to it being a key material transaction with members of key management personnel, the valuation of which involves significant judgement and accounting estimation.

Our procedures included, amongst others the following:

- Enquiring and obtaining confirmations from Key Management Personnel regarding related party transactions occurring during the period.
- Reviewing minutes of meetings, ASX announcements and agreements, and considered other transactions undertaken during the financial year.
- Reviewing payments, receipts and general journals throughout the year, and examining transactions with known related parties, or those that appear large or unusual for the Group.
- Evaluating, based on supporting documentation, whether related party transactions were on an arms-length basis.
- Assessing the valuation methodology used by management to estimate fair value of share options issued, including testing the integrity of the information provided, assessing the appropriateness of the key assumptions input into the valuation model and recalculating the valuation using the Black Scholes Model.
- Assessing whether the share-based payments have been appropriately classified and accounted for in the financial statements.
- Assessing the appropriateness of the relevant disclosures in the financial statements.

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Key Audit Matters (continued)

Group's ability to continue as a Going Concern	
Refer to Note 1(a)	
The financial statements are prepared on a going concern basis in accordance with AASB 101 Presentation of Financial Statements. The Group continues to incur significant operating losses in its ongoing efforts to advance the commercialisation and development of its L-MAX®, LOH-Max® and S-Max® technologies, and the exploration of newly acquired Karibib Project. As the directors' assessment of the Group's ability to continue as a going concern is subject to significant judgement, we identified going concern as a significant risk requiring special audit consideration.	Our audit procedures included, amongst others, the following: • An evaluation of the directors' assessment of the Group's ability to continue as a going concern. In particular, we reviewed budgets and cashflow forecasts for at least the enxt 12 months and reviewed and challenged the directors' assumptions. • Reviewed plans by the directors to defer certain payments and secure additional funding through either the issue of further shares and/or debt funding or a combination thereof. • An evaluation of the directors plans for future operations and actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year end, through discussion with the directors. • Review of disclosure in the financial statements to ensure appropriate. Based on our work, we agree with the directors' assessment that the going concern basis of preparation is appropriate. However, we also concur that there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern because of the uncertainty over securing future funding. The disclosures in the financial statements appropriately identify this risk.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEPIDICO LIMITED (CONTINUED)

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2020.
In our opinion, the Remuneration Report of Lepidico Limited, for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Neil Pace

Neil Pace
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 28th day of September 2020.

SUPPLEMENTARY (ASX) INFORMATION

The Information set out below was applicable as at 2 October 2020.

FULLY PAID ORDINARY SHARES (ASX:LPD)

Top 20 Holders of Fully Paid Ordinary Shares

	Shareholder	Number	%
1	Galaxy Resources Limited	314,390,228	6.06%
2	Strategic Metallurgy Holdings Pty Ltd	294,271,201	5.67%
3	J P Morgan Nominees Australia Pty Limited	244,329,271	4.71%
4	Acuity Capital Investment Management Pty Ltd	229,856,002	4.43%
5	Citicorp Nominees Pty Limited	121,608,333	2.35%
6	HSBC Custody Nominees (Australia) Limited	120,906,136	2.33%
7	BNP Paribas Noms Pty Ltd	84,147,888	1.62%
8	Computershare Investor Services Inc	67,493,456	1.30%
9	Perth Capital Pty Ltd	60,000,000	1.16%
10	BNP Paribas Nominees Pty Ltd	57,074,517	1.10%
11	Mr Johannes Hendrik Thorburn	56,788,306	1.10%
12	Bacchus Capital Advisers Limited	51,900,073	1.00%
13	Strategic Metallurgy Pty Ltd	50,000,134	0.96%
14	HSBC Custody Nominees (Australia) Limited	47,426,129	0.91%
15	Mr Gavin Sidney Becker & Mrs Wendy Mary Becker	38,888,889	0.75%
16	Mr Ivars Vadzis	36,586,319	0.71%
17	Isaiah Sixty Pty Ltd	35,643,750	0.69%
18	Netwealth Investments Limited	35,616,314	0.69%
19	Avalon Retirement Investments Pty Ltd	30,107,472	0.58%
20	Mr Bill Georgaklis & Mrs Georgia Georgaklis	27,018,389	0.52%
	Total	**2,004,052,807**	**38.66%**

Substantial Shareholders

The following shareholders held a substantial interest, being 5.0% or greater, in the issued capital of the Company:

Shareholder	Number of Shares	%
Galaxy Resources Ltd	314,390,228	6.06%
Strategic Metallurgy Holding Pty Ltd and Gary Donald Johnson	367,762,575	7.09%

Distribution of Shares

The distribution of members and their shareholding was as follows:

Number Held	Holders
1 - 1,000	919
1,001 - 5,000	284
5,001 - 10,000	392
10,001 - 100,000	3,056
Over 100,000	3,317
Total Number of Shareholders	**7,968**

LISTED OPTIONS EXPIRING 5 JUNE 2022 AT $0.05 (ASX : LPDOB)

Top 20 Holders of Listed Options

	Shareholder	Number	%
1	Galaxy Resources Limited	20,555,556	10.78%
2	Isaiah Sixty Pty Ltd	7,005,000	3.67%
3	Mr David Ariti	5,500,000	2.88%
4	Mr David Joseph Parrella	5,000,000	2.62%
5	Mr Alfred Krendl	3,931,000	2.06%
6	J P Morgan Nominees Australia Pty Limited	3,901,242	2.05%
7	Mr Antony Edward Anderson	3,100,000	1.63%
8	Mr Thomas Michael Cocks	2,974,819	1.56%
9	Wythenshawe Pty Ltd	2,801,588	1.47%
10	Strategic Metallurgy Holdings Pty Ltd	2,273,552	1.19%
11	Bacchus Capital Advisers Limited	2,271,910	1.19%
12	Mr Danny Forwood	2,136,112	1.12%
13	Mr Anthony Charles Kenworthy	2,000,000	1.05%
14	Paul Thomson Furniture Pty Ltd	2,000,000	1.05%
15	BNP Paribas Noms Pty Ltd	1,902,255	1.00%
16	Mr Michael John Rae	1,875,000	0.98%
17	Netwealth Investments Limited	1,832,128	0.96%
18	Rookharp Capital Pty Limited	1,724,138	0.90%
19	Mr Andrew Stephen Devlin & Mrs Maria Devlin	1,531,747	0.80%
20	Mrs Veselinka Kostdinovic	1,508,621	0.79%
	Total	**75,824,668**	**39.75%**

Distribution of Listed Options

The distribution of members and their option holding was as follows:

Number Held	Holders
1 - 1,000	141
1,001 - 5,000	448
5,001 - 10,000	271
10,001 - 100,000	652
Over 100,000	255
Total Number of Option Holders	**1,767**

LISTED OPTIONS EXPIRING 18 MAY 2022 AT $0.02 (ASX : LPDOC)

Top 20 Holders of Listed Options

	Shareholder	Number	%
1	Gazump Resources Pty Ltd	21,340,119	7.73%
2	Isaiah Sixty Pty Ltd	20,500,000	7.43%
3	Mr Mark Trent	15,000,000	5.43%
4	Annlew Investments Pty Ltd	10,000,000	3.62%
5	Rookharp Capital Pty Limited	7,142,858	2.59%
6	Mr Gavin Sidney Milroy Becker & Mrs Wendy Mary Becker	7,000,000	2.54%
7	AHM NSW Pty Ltd	6,823,355	2.47%
8	Dolphin Capital Partners Pty Ltd	6,500,000	2.35%
9	J P Morgan Nominees Australia Pty Limited	6,407,207	2.32%
10	Citicorp Nominees Pty Limited	5,377,479	1.95%
11	Paul Thomson Furniture Pty Ltd	4,200,000	1.52%
12	Mr Gavin Sidney Becker & Mrs Wendy Mary Becker	4,000,000	1.45%
13	Mrs Yan Wang	4,000,000	1.45%
14	Mr Anthony Charles Kenworthy	4,000,000	1.45%
15	Mrs Zi Juan Qi	4,000,000	1.45%
16	Mr Mitchell James Gill	3,620,827	1.31%
17	IQ Global Asset Partners Pty Ltd	3,164,285	1.15%
18	Mr Gregory Steven Jakab	2,799,999	1.01%
19	Perth Capital Pty Ltd	2,500,000	0.91%
20	HP Super Fund Pty Ltd	2,500,000	0.914%
	Total	**140,876,129**	**51.04%**

Distribution of Listed Options

The distribution of members and their option holding was as follows:

Number Held	Holders
1 - 1,000	59
1,001 - 5,000	185
5,001 - 10,000	97
10,001 - 100,000	338
Over 100,000	306
Total Number of Option Holders	**985**

UNLISTED OPTIONS
Unlisted Option holdings as at 2 October 2020

The company has 227,183,982 unlisted options with varying expiry and exercise price on issue.

40,000,000 options expiring 23 November 2020 with an exercise price of 9.1c ("A'), which were issued to the Company's Directors.

10,000,000 options expiring 23 November 2020 with an exercise price of 9.1c ("B"), which were issued under the Company Employee Share Plan.

9,450,000 options expiring 25 October 2021 with an exercise price of 4.0c ("C"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

55,000,000 options expiring 22 November 2021 with an exercise price of 2.6c ("D'), which were issued to the Company's Directors.

10,000,000 options expiring 22 November 2021 with an exercise price of 2.6c ("E"), which were issued under the Company Employee Share Plan.

945,000 options expiring 31 March 2022 with an exercise price of 10.0c ("F"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

3,921,982 options expiring 20 June 2022 with an exercise price of 10.0c ("G"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

45,000,000 options expiring 21 November 2022 with an exercise price of 2.5c ("H'), which were issued to the Company's Directors.

28,000,000 options expiring 21 November 2022 with an exercise price of 2.5c ("I"), which were issued under the Company Employee Share Plan.

5,967,000 options expiring 26 February 2023 with an exercise price of 35.0c ("J"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

18,900,000 options expiring 14 January 2024 with an exercise price of 2.0c ("K"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion
Energy Inc.

	A	B	C	D	E	F	G	H	I	J	K
1-1,000	-	-	-	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-	-	-	-	2	-
101,000 and above	4	1	3	6	1	2	5	5	4	6	10
Total number of holders	**4**	**1**	**3**	**6**	**1**	**2**	**5**	**5**	**4**	**8**	**10**

UNLISTED WARRANTS
Unlisted Warrant holdings as at 2 October 2020

The Company has 103,783,680 unlisted warrants with varying expiry dates and an exercise price of 4c, which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

77,171,784 warrants expiring 7 December 2020 with an exercise price of 4.0c ("A').

26,611,896 warrants expiring 13 December 2020 with an exercise price of 4.0c ("B").

Number Held	A	B
1-1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	1
101,000 and above	11	18
Total number of holders	**11**	**19**

VOTING RIGHTS
Lepidico Ltd ordinary shares carry voting rights of one vote per share. There are no voting rights attaching to any other class of security.

UNMARKETABLE PARCELS

	Minimum Parcel Size	Holders	Shares
Minimum $500.00 parcel at $0.08 per share	62,500	3,791	73,929,425

RESTRICTED AND ESCROWED SECURITIES
There are currently no restricted or escrowed securities.

ON-MARKET BUY-BACK
There is no current on-market buy-back.

TENEMENT INFORMATION
The Company currently holds interests in tenements as set out below.

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

LEPIDICO

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