ASX / MEDIA ANNOUNCEMENT

LEPIDICO

26 February 2021

Financial Report for the half year ended 31 December 2020

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") is pleased to announce the release of its reviewed consolidated financial statements for the half year ended 31 December 2020.

Highlights for the period:

Development

- Integrated Phase 1 Project construction permits granted for Karibib Lithium Mine and Abu Dhabi Chemical Plant.
- Environmental and Social Impact Assessments completed to Equator Principles and IFC environmental and social standards for the Namibian Phase 1 Project and the Abu Dhabi Chemical Plant operations to support debt financing.
- Engineering, Procurement and Construction Management contractor tender process completed mid-January 2021. Contractor selection well advanced and ahead of schedule.
- Offer for supply of 4.5MVa power at 66kV to the Karibib Project accepted, conditional on a commitment to develop. Power line Environmental Impact Assessment completed and Environmental Compliance Certificate stamped.
- Testwork supports 86% lithium recovery to concentrate from former Rubicon tailings, allowing this Indicated Mineral Resource material to be brought into the Phase 1 mine plan.
- Testwork shows that zinnwaldite/polylithionite mineralisation from St Austell, England is amenable to processing by L-Max® and LOH-Max®, producing high purity lithium hydroxide.
- Considerable capital cost savings, lithium recovery improvements and lower CO_2 emissions identified when LOH-Max® is used for spodumene conversion versus conventional processing.

Products & Marketing

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

Corporate and Finance

- Cash and cash equivalents as at 31 December 2020 of $3.1 million; no debt.
- Strategic collaboration with Cornish Lithium Ltd, including licence agreement for L-Max® and LOH-Max® technologies for C$4 million.
- LOH-Max® acquired, bringing ownership of all process technologies in-house.
- Mandate letter signed with DFC.

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

The information in this report that relates to the Rubicon and Helikon 1 Mineral Resource estimates is extracted from an ASX Announcement dated 30 January 2020 ("Updated Mineral Resource Estimates for Helikon 1 and Rubicon") and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Helikon 2 - Helikon 5 Mineral Resource estimates is extracted from an ASX Announcement dated 16 July 2019 ("Drilling Starts at the Karibib Lithium Project") and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

About Lepidico Ltd

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium chemicals. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite. The L-Max® Process has the potential to complement the lithium market by adding low-cost lithium carbonate supply from alternative sources. More recently Lepidico has added LOH-Max® to its technology base, which produces lithium hydroxide from lithium sulphate without by-product sodium sulphate. The Company has completed a Definitive Feasibility Study for a nominal 5,000 tonne per annum Lithium Carbonate Equivalent (LCE) capacity Phase 1 lithium chemical plant, targeting commercial production for 2023. The Project incorporate the Company's proprietary L-Max® and LOH-Max® technologies into the chemical conversion plant design. Feed to the Phase 1 Plant is planned to be sourced from the Karibib Project in Namibia, 80% owned by Lepidico where a predominantly Measured and Indicated Mineral Resource of 11.24 Mt grading 0.43% Li_2O, (including Measured Resources of 2.20 Mt @ 0.57% Li_2O, Indicated Resources of 6.66 Mt @ 0.38% Li_2O and Inferred Resources of 2.37 Mt @ 0.43%, at a 0.15% Li_2O cut-off) is estimated. (ASX announcement of 30 January 2020). Ore Reserves total 6.72 Mt @ 0.46% Li_2O, 2.26% rubidium, 2.02% potassium and 320ppm caesium (ASX announcement of 28 May 2020)

Forward-looking Statements

All statements other than statements of historical fact included in this release including, without limitation, statements regarding future plans and objectives of Lepidico, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Lepidico that could cause Lepidico's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this release will actually occur and investors are cautioned not to place any reliance on these forward looking statements. Lepidico does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this release, except where required by applicable law and stock exchange listing requirements.

LEPIDICO LTD

ACN 008 894 442

INTERIM FINANCIAL REPORT
31 DECEMBER 2020

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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Corporate Directory

Directors
Gary Johnson (Non-Executive Chair)
Julian (Joe) Walsh (Managing Director)
Mark Rodda (Non-Executive Director)
Cynthia Thomas (Non-Executive Director)

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ASX Code: LPD, LPDOB, LPDOC

Directors' Report

The Directors of Lepidico Ltd ("Directors") present their report on the Consolidated Entity consisting of Lepidico Ltd ("Company" or "Lepidico") and the entities it controlled at the end of, or during, the half year ended 31 December 2020 ("Consolidated Entity" or "Group" or "Economic Entity").

DIRECTORS

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

Mr Gary Johnson	Non-executive Chairman
Mr Joe Walsh	Managing Director
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director

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

SUMMARY REVIEW OF OPERATIONS

For the half year ending 31 December 2020 the Group recorded a net profit from operations of $1,886,398 (31 December 2019: net loss of $4,015,725) and a net cash inflow from operations of $2,851,616 (31 December 2019: net cash outflow $3,294,365).

The net assets of the Group increased to $62,210,778 at 31 December 2020 (30 June 2020: $59,189,215).

PHASE 1 PROJECT DEVELOPMENT

Karibib Project (80%), Namibia
The Environmental and Social Impact Assessment (ESIA) and Environmental & Social Management Plan (ESMP) for the Karibib Operations were completed and submitted with an application for the renewal of the Karibib Project Environmental Compliance Certificate (ECC) within ML204, which covers 69km^2 that includes the Rubicon and Helikon deposits, in July 2020. The new ECC was awarded by the Environmental Commissioner in the Ministry of Environment, Forestry and Tourism in early October 2020. Award of the ECC represents an endorsement of the development, operations and closure plans for the Project, which are designed to meet Environmental, Social and Governance (ESG) industry best practice.

Terms for supply of 66kV power to the Project were received from a local utility during the period and a power supply agreement is under negotiation. Access to national grid power provides the most competitive tariff with the national grid in Namibia having significant contributions by solar and hydro.

The connection to the grid requires the construction of a 30km long overhead line and substation at Rubicon Operations. The capital has been estimated at $3.5 million, which is included in the Definitive Feasibility Study (DFS) estimate. It is planned that project construction will be managed by Lepidico through an EPC contract with an approved NamPower contractor. The line will be handed over to NamPower to own and maintain for a maintenance and grid access fee. The Rubicon substation will be owned and maintained by Lepidico.

The EIA for the Project power line was completed during the period and submitted for review to the Ministry of Environment. The power line is included in the Karibib Operations ESIA and ESMP completed in July 2020, which comply with the provisions of Namibian mining and environmental legislation and accord with the Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.

Chemical Conversion Plant (100%), Abu Dhabi

During the period the Company established an incorporated subsidiary in Abu Dhabi, Lepidico Chemicals Manufacturing Ltd, and a pre-operations Industrial Licence was awarded for the Phase 1 Chemical Plant site within 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 (for up to 50 years) or sell or purchase a plot of land belonging to a third party.

In June 2020, the Environmental Authority of Abu Dhabi confirmed that a Preliminary Environmental Review (PER) rather than a full EIA is required, testament to the Project's modest environmental and social impacts. The PER as well as an ESIA were completed in December 2020, with the former submitted to the regulator for review.

The Chemical Plant site (Figure 1) is approximately 57,000m^2 and is located within an industrial free zone, which allows full foreign ownership as well as tax exemptions on imports and exports. The off-site infrastructure is supplied through a land lease agreement with Abu Dhabi Ports (the manager of KIZAD) and includes direct connection to natural gas, 11kV power, industrial water, and sewer services on the east side of the plot, roads and drainage. The KIZAD container port where concentrate from Walvis Bay, Namibia will be imported is 15km by road from the plant site.

Figure 1: Schematic of proposed chemical plant site with KIZAD container port in the background

A greenhouse gas (GHG) assessment for the integrated Phase 1 Project started in September 2020 and is on schedule for completion by March 2021. It is planned that a complete Life Cycle Analysis (LCA) to ISO14044, will be undertaken once sufficient relevant data becomes available during early operations.

Acid supply and logistics activities recommenced while adhering to the relevant local COVID-19 requirements. A further acid supply option is being evaluated associated with a new acid tanking facility being built in Khalifa port and due to for commissioning in two years time.

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

Phase 2 L-Max® Plant Scoping Study

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

RESEARCH & PRODUCT DEVELOPMENT

Lithium hydroxide Monohydrate ($LiOH.H_2O$): Strategic Metallurgy has produced multiple samples of nominal battery grade lithium hydroxide with a reference purity of 56.5% LiOH (Table 1) using the modified back end of the pilot plant, located in Perth, with samples dispatched for assessment by prospective customers. Low levels of impurities were recorded with many below detection limits for the assay processes employed.

Component	LOH-Max sample
LiOH (%)	>56.5
CO_2 (%)	<0.35
Cl (%)	<0.1
SO_4 (%)	<0.01
Ca (ppm)	<15
Fe (ppm)	<5
Na (ppm)	<20
K (ppm)	<10
Na + K (ppm)	<30
Al (ppm)	<10
Cr (ppm)	<5
Cu (ppm)	<1
Ni (ppm)	<2.5
Si (ppm)	<30
Zn (ppm)	<2.5
Pb (ppm)	<2.5

Table 1: Nominal battery grade specification for LiOH samples produced during the quarter

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

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

Sulphate of potash & Amorphous silica: In country marketing activities in the UAE were suspended during the period due to COVID-19 travel restrictions with engagement undertaken from Australia. However, marketing activities for the 13,000tpa of sulphate of potash (SOP), 35,000tpa of amorphous silica and approximately 70,000tpa of gypsum residue resumed in January 2021 with the appointment of a consultant in the UAE. The objective of this engagement is to establish formal agreements with one or more companies located in the region for the purchase of each of the bulk by-products.

LOH-Max® application for spodumene conversion

Strategic Metallurgy completed a desk top evaluation of LOH-Max®, benchmarked against third party feasibility study level data for conventional production of lithium hydroxide monohydrate from a lithium sulphate intermediate, sourced from a 6.0% Li_2O spodumene concentrate. This evaluation coupled with results from further LOH-Max® testwork for the Phase 1 Project by Strategic Metallurgy supports a substantial US$52 million capital cost saving estimate (14% of estimated total spodumene converter capital) for a production rate of 20,000tpa LCE (Lithium Carbonate Equivalent), largely due to the elimination of the energy intensive sodium sulphate circuit. By not producing sodium sulphate LOH-Max® also eliminates the risk of either attempting to sell or even dispose of sodium sulphate, the market for which, is globally mature.

Strategic Metallurgy also advised that LOH-Max® may also deliver an estimated 4% increase in recovery of lithium from concentrate to final product versus conventional spodumene processing, with an overall recovery estimate of 91% (87% for the conventional process), equivalent to approximately an extra 1,000tpa of lithium hydroxide production for a nominal 20,000tpa converter.

LOH-Max® operating costs benefit from lower energy consumption, and lower reagent costs versus conventional conversion. The net benefit calculated showed an estimated reduction in absolute operating cost of US$8 million per year based on the third party feasibility study data for a 20,000tpa spodumene converter and a greater reduction in unit operating costs per tonne of product of approximately 8% due to the increased metal recovery. Furthermore, the lower energy consumption also leads to a reduction in CO_2 emissions when LOH-Max® is employed, which when combined with the increased lithium hydroxide output is expected to result in a meaningful reduction in carbon intensity. Opportunities to further reduce carbon intensity have been identified but require additional work to quantify.

Improvements in mica conversion

Testwork undertaken by Strategic Metallurgy on a third party lithium mica feed stock has demonstrated the amenability of this mineralisation to L-Max® and also identified some improvements to the LOH-Max® process. Enhanced washing efficiency allows a lithium hydroxide recycle stream to be eliminated, further simplifying the process with negligible impact on lithium metal recovery. This improvement will be incorporated into the Phase 1 Project front end engineering and design.

EXPLORATION[1]

Karibib Project (80%)

Exploration during the period was hampered by local movement restrictions imposed in response to the COVID-19 pandemic. Work completed included metallurgical testwork on the Rubicon tailings, a portable XRF analysis of regional soil samples and field inspection of conceptual LCT (Lithium Caesium Tantalum) pegmatite targets.

Rubicon Tailings

Approximately 70,000t of tailings from historical petalite processing are present at Rubicon. A program of metallurgical testwork to determine the suitability of this material for processing by L-Max® was completed in the period with excellent results reported. A composite, made up of ten samples collected from across the dump was subjected to flotation testwork and XRD analysis. A flotation concentrate containing 2.7% Li_2O was produced with 86% recovery. Mineralogical analysis by assay validated XRD shows the concentrate contains 22% lepidolite and 56% muscovite and/or lithian muscovite. Petalite was not recorded. These results will be used to inform a revised Mineral Resource estimate in February 2021, reported in accordance with the JORC Code (2012) and which should allow inclusion of this relatively high-grade material into the mine plan.

Surface Broken Stocks

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

Regional Exploration

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

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

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The information in this report that relates to the Helikon 2 - Helikon 5 Mineral Resource estimates is extracted from an ASX Announcement dated 16 July 2019 ("Drilling Starts at the Karibib Lithium Project") and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Following the lifting of COVID-19 related lockdown restrictions, field inspection of eight pegmatite targets was undertaken with encouraging results returned. The next phase of work, planned to start in the March 2021 quarter, will involve pXRF and geochemical analysis of soils and rock chips to confirm the potential for lithium mineralisation.

During the period, desktop studies were undertaken to understand regional and/or structural controls on the location of both LCT pegmatites and gold mineralisation. Known nearby gold occurrences at the Navachab gold mine and the recent discovery at Twin Hills (Osino Resources Corp) have been used to model potential targets within the Company's Karibib tenure. Field programs to evaluate these gold targets, including localised soil geochemical surveys are planned to be undertaken during the first half of 2021.

CORPORATE

As at 31 December 2020, Lepidico had cash and cash equivalents of $3.1 million.

COVID-19

The health, safety and wellbeing of staff and contractors, remains of paramount importance. The additional precautions associated with the COVID-19 pandemic remained in place during the period including suspension of all business travel, along with a move to working from home and adherence to local safety protocols in the jurisdictions in which the Company operates. A nationwide lockdown was re-introduced by the Namibian Government in mid-August in response to an increase in the number of COVID-19 cases. However, these new requirements were lifted on 11 September.

Further, Lepidico's business austerity plan remained in place for the period with all non-essential activities were curtailed. The deferral of all Directors' fees and 20% of senior executives' remuneration, introduced in 1 April 2020 remained in place until the end of the period.

The Company will continue to monitor the COVID-19 pandemic and adjust working protocols accordingly to ensure the continued health and safety of our people and preserve the Company's assets.

Project Finance

The Phase 1 Project will have operations across two jurisdictions: Namibia and Abu Dhabi; and potential offtake partners across further jurisdictions resulting in various regulatory and fiscal regimes. The structure of the Phase 1 Project requires separate legal entities to be established in each operating jurisdiction.

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

As Lepidico is looking to develop a first-of-a-kind project, Lion's Head Global Partners (LHGP), Lepidico's financial adviser, advises that a bespoke financing structure should provide an overall reduced cost of funding and accommodate strategic investors into the Phase 1 Project. The financing strategy has been to target investors with a strategic interest in financing the two different components of the Project.

The United States International Development Finance Corporation (DFC) completed a preliminary review of the project proposal and application for financing for the lepidolite mining and processing project in Namibia and confirmed its interest in pursuing further its analysis of this upstream part of the Project. Following receipt of an indicative, non-binding term sheet from DFC to provide the required debt funding for the Karibib Project in Namibia, the Company formally retained DFC to undertake an in-depth analysis and evaluation of the Project to determine whether the Company qualifies for DFC financing.

LOH-Max® acquisition
During the period, Lepidico Holdings Pty Ltd, a wholly-owned subsidiary of Lepidico Ltd, acquired all of the issued capital of Bright Minz Pty Ltd ("Bright Minz"), a company controlled by director, Mr Gary Johnson. Bright Minz is the holder of the LOH-Max® process technology which was developed for the production of high purity lithium hydroxide monohydrate from a lithium sulphate intermediate.

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

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

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

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

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

Lepidico granted CLL an exclusive technology licence covering approximately 93km^2 of the St Austell granite region. The technologies include the proprietary L-Max®, LOH-Max® and caesium rubidium manufacturing processes, which provide excellent environmental attributes versus conventional process technology. The technology suite allows lithium mica minerals to be converted into a range of fine alkali metal chemicals including nominal battery grade lithium hydroxide, without the requirement for energy intensive roasting and calcination, and without production of potentially problematic sodium sulphate.

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

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

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

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001(Cth)* for the half year ended 31 December 2020 is included on page 12 of the Financial Report.

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 25th day of February 2021

Forward-looking Statements

All statements other than statements of historical fact included in this release including, without limitation, statements regarding future plans and objectives of Lepidico, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Lepidico that could cause Lepidico's actual results to differ materially from the results expressed or anticipated in these statements.

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LEPIDICO LIMITED

As lead auditor for the review of Lepidico Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have 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

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of February 2021

Moore Australia Audit (WA) – ABN 16 874 357 907.
An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2020

	Note	31 December 2020 $	31 December 2019 Restated $
Revenue	3	4,084,027	-
Other income	3	53,643	15,314
		4,137,670	15,314
Business development expenses		(214,253)	(256,113)
Administrative expenses	4	(622,898)	(2,416,580)
Employment benefits		(650,608)	(860,981)
Depreciation		(143,109)	(81,516)
Share based payments		(337,500)	(511,000)
Accretion expense		(434,122)	(410,163)
Realised Foreign Exchange Gain/(Loss)		-	66,073
Profit/(Loss) before income tax		1,735,180	(4,454,966)
Income tax benefit	5	151,218	439,241
Profit/(Loss) from continuing operations		1,886,398	(4,015,725)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		686,492	459,159
Total comprehensive profit/(loss) for the half year		**2,572,890**	**(3,556,566)**
Comprehensive loss for the half year attributable to:			
Owners of the parent		2,650,523	(3,338,553)
Non-Controlling Interest		(77,633)	(218,013)
		2,572,890	(3,556,566)
Profit/(Loss) per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted profit/(loss) per share		0.0003	(0.001)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
For the half year ended 31 December 2020

	Note	31 December 2020 $	30 June 2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,107,109	4,792,713
Trade and other receivables		226,972	1,766,863
TOTAL CURRENT ASSETS		3,334,081	6,559,576
NON-CURRENT ASSETS			
Trade and other receivables		70,359	72,829
Property, plant and equipment	6	1,753,054	1,903,630
Exploration and evaluation expenditure	7	43,158,642	42,725,634
Intangible asset	8	24,096,923	23,870,434
TOTAL NON-CURRENT ASSETS		69,078,978	68,572,527
TOTAL ASSETS		72,413,059	75,132,103
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		710,602	564,671
Short-term provisions		116,208	107,652
Liability component of convertible note	9	-	5,215,104
TOTAL CURRENT LIABILITIES		826,810	5,887,427
NON-CURRENT LIABILITIES			
Deferred Revenue	10	5,912,890	6,629,144
Deferred Tax Liability	5	3,462,581	3,426,317
TOTAL NON-CURRENT LIABILITIES		9,375,471	10,055,461
TOTAL LIABILITIES		10,202,281	15,942,888
NET ASSETS		**62,210,778**	**59,189,215**
EQUITY			
Issued capital		80,081,595	80,081,594
Reserves		6,842,884	5,707,720
Equity component of convertible note		990,000	990,000
Accumulated losses		(32,411,212)	(34,375,243)
Equity Attributable to owners of the Parent		55,503,267	52,44,071
Non-controlling interests		6,707,511	6,785,144
TOTAL SHAREHOLDERS EQUITY		**62,210,778**	**59,189,215**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the half year ended 31 December 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 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 period (restated)	-	-	-	-	-	(3,797,712)	(3,797,712)	(218,013)	**(4,015,725)**
Other comprehensive profit/(loss) for the period (restated)	-	-	-	459,159	-	-	459,159	-	**459,159**
Options issued during the period	-	511,000	-	-	-	-	511,000	-	**511,000**
Options exercised during the period	75,000	-	-	-	-	-	75,000	-	**75,000**
Fair value of options exercised during the period	95,000	(95,000)	-	-	-	-	-	-	**-**
Shares issued during the period	873,990	-	-	-	-	-	873,990	-	**873,990**
Balance at 31 December 2019	**76,633,880**	**4,915,097**	**415,135**	**535,077**	**990,000**	**(28,497,574)**	**54,991,615**	**7,009,987**	**62,001,602**
Balance at 1 July 2020	80,081,595	4,915,097	415,135	377,487	990,000	(34,375,243)	52,404,071	6,785,144	**59,189,215**
Profit/(Loss) for the period	-	-	-	-	-	1,964,031	1,964,031	(77,633)	**1,886,398**
Other comprehensive profit/(loss) for the period	-	-	-	686,492	-	-	686,492	-	**686,492**
Options issued during the period	-	448,673	-	-	-	-	448,673	-	**448,673**
Balance at 31 December 2020	**80,081,595**	**5,363,770**	**415,135**	**1,063,979**	**990,000**	**(32,411,212)**	**55,503,267**	**6,707,511**	**62,210,778**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the half year ended 31 December 2020

	31 December 2020 $	31 December 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from technology licence holder	4,084,027	-
Government incentives received	53,421	-
Interest received	222	15,314
Payments to suppliers and employees	(1,286,054)	(3,309,679)
Net cash from/(used in) operating activities	2,851,616	(3,294,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation activities	(423,101)	(5,315,266)
Payments for research and development activities	(201,978)	(1,276,217)
Proceeds from research and development tax credit	1,243,863	-
Payments for property, plant and equipment	(12,257)	(1,729)
Payrment for acquisition of Bright Minz Pty Ltd	(10,000)	-
Cash acquired from acquisition of Desert Lion Energy Inc	-	416,113
Acquisition costs of Desert Lion Energy Inc	-	(1,185,134)
Net cash from/(used in) investing activities	596,527	(7,362,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of options	111,173	-
Repayment of convertible note	(5,176,401)	
Proceeds from exercise of options	-	75,000
Net cash provided by/(used in) financing activities	(5,065,228)	75,000
Net decrease in cash held	(1,617,085)	(10,581,598)
Cash at beginning of financial year	4,792,713	13,660,308
Effect of foreign exchange rate changes	(68,519)	585,008
Cash at end of financial period	**3,107,109**	**3,663,718**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half year ended 31 December 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. 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.

Note 1(a) Basis of Preparation

This general purpose interim financial report for the half year reporting period ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Consolidated Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group and does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These financial statements were authorised for issue on 25 February 2021.

The accounting policies and methods of computation applied are the same as those applied by Lepidico Ltd in its annual report for the year ended 30 June 2020, except for the changes described below.

Note 1(b) New and Amended Standards Adopted by the Group

None noted.

Note 1(c) Impact of Standards Issued but Not Yet Applied by the Group

None noted.

Note 1(d) 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 and working capital. Further, the consequences of the COVID-19 pandemic have negatively impacted the global economy and created volatile maket dynamics.

The Group earned a net profit from operations of $1,886,398 for the half year to 31 December 2020 and had a net cash inflow from operations of $2,851,616 for the period. As at 31 December 2020, the Company had a net current assets of $2,507,271.

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 existing standby equity raising facilities in place and the successful outcome of previous Entitlement Offers. 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(e) Restatement of Net Assets acquired in Desert Lion Energy Inc Business Combination

On 30 June 2020, the net assets acquired in the Desert Lion Energy Inc business combination were restated to include the deferred tax liability that arose on acquisition.

The deferred tax represents the temporary differences arising between the tax bases of the exploration assets and their carrying amounts in the financial statements. The 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.

As the revision was made in the prior reporting period the respective comparatives have been amended to reflect the revised value.

	31 December 2019 $	Increase/ (Decrease) $	31 December 2019 (Restated) $
Profit and Loss (Extract)			
Income Tax Benefit	-	439,241	439,241
Loss from continuing operations	4,454,966	(439,241)	4,015,725
Other Comprehensive Income			
Exchange differences on translating foreign operations	(563,196)	104,037	(459,159)
Total Comprehensive Loss for the period	**3,891,770**	**(335,204)**	**3,556,566**
Loss for the period attributable to:			
Owners of the parent	3,673,757	(335,204)	3,338,553
Non-controlling interest	218,013	-	218,013
	3,891,770	**(335,204)**	**3,556,566**

Note 2: Business Combination

(a) Current Period

On 25 November 2020, the Company acquired 100% of the issued capital in Bright Minz Pty Ltd (Bright Minz). Bright Minz is the holder of the LOH-Max® process technology which was developed for the production of high purity lithium hydroxide monohydrate from a lithium sulphate intermediate, without production of sodium sulphate, thereby reducing capital and operating costs versus conventional process technologies.

The acquisition of LOH-Max® brings all the process technologies employed by the Phase 1 Project under the Lepidico umbrella, thereby streamlining the process for future third party licences.

Details of the purchase consideration are as following:

	$
Cash paid	10,000
Trailing royalty *(i)*	-
Total Purchase Consideration	**10,000**

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

	Fair Value $
LOH-Max® Technology	10,000
Net assets acquired	**10,000**

The fair value of the technology reflected the pre-existing exclusivity arrangement entered into on 18 February 2019 between Lepidico and Bright Minz whereby Lepidico agreed to fund the development of the LOH-Max® technology and was granted the right to use the process and sole rights for marketing the technology to third parties worldwide.

(i) Trailing Royalty

In addition to the cash payment the original shareholders of Bright Minz will be entitled to a trailing royalty in relation to any third party LOH-Max® licences entered into by the Lepidico Group after 1 January 2021. As at the date of acquisition the fair value of the contingent consideration was considered to be nominal.

(b) Prior Period

On 11 July 2019 the Company announced the completion of the plan of arrangement with Desert Lion Energy Inc (DLE) whereby Lepidico acquired all of the outstanding common shares of DLE for consideration of 5.4 Lepidico ordinary shares for every 1 DLE common share. Details of this business combination were included in Note 3 of the Group's annual financial statements for the year ended 30 June 2020.

Note 3: Revenue

	31 December 2020 $	31 December 2019 $
Revenue		
Technology licence fees	4,084,027	-
Income	**4,084,027**	**-**
Interest	222	15,314
Government assistance programs	53,421	-
Other Income	**53,643**	**15,314**
Total Revenue	**4,137,670**	**15,314**

Note 4: Administrative Expenses

	31 December 2020 $	31 December 2019 $
Office & general	171,396	274,032
Professional services	314,830	373,650
Compliance related	136,672	324,000
Withholding tax expense	-	100,314
Travel	-	210,039
	622,898	1,282,035

Other Significant Administrative Expenses

The following significant expenses were incurred during the period and impacted the financial performance:

Desert Lion Energy Inc acquisition costs	-	1,134,545
Total Administrative Expenses	**622,898**	**2,416,580**

Note 5: Income Tax Expense

	31 December 2020 $	31 December 2019 $ Restated
(a) The components of tax benefit/(expense) comprise:		
Current tax	-	-
Deferred tax	151,218	439,241
Losses recouped not previously recognised	-	-
Income tax benefit/(expense) reported in statement of comprehensive income	151,218	439,241

	31 December 2020 $	31 December 2019 $ Restated
(b) The prima facie tax benefit/(expense) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit/(expense) on profit/(loss) from ordinary activities before income tax at 30% (2019:27.5%)	(497,264)	1,336,490
Adjust for tax effect of:		
- Share based payments	(101,250)	(153,300)
- Foreign expenditure	(32,871)	(21,417)
- Deferred tax balances not recognised	731,969	(740,358)
- Intercompany loans written off	-	(427,693)
- Effect of change in tax rate	-	609,565
- Foreign tax rate differential	30,244	87,848
- Exploration expenditure written off	-	1,180
- Adjustments to income tax of previous years	-	(297,970)
- Adjustments relating to pilot plant depreciation	-	9,481
- Other non-allowable items	20,390	35,415
Income tax benefit/(expense) reported in statement of comprehensive income	151,218	439,241
(c) Deferred tax recognised:		
Deferred Tax Liabilities:		
Karibib assets	(3,462,581)	(4,547,432)
Exploration expenditure	(4,245)	(4,245)
L-Max® Technology	(248,698)	(248,698)
L-Max® Pilot Plant	(724,437)	(723,107)
Other	(28,371)	-
Deferred Tax Assets:		
Carry forward revenue losses	1,005,751	990,431
Net deferred tax	(3,462,581)	(4,547,432)
(d) Unrecognised deferred tax assets:		
Carry forward revenue losses	8,625,522	7,912,053
Carry forward capital losses	293,087	293,087
Capital raising and other costs	297,187	456,887
L-Max Licence	21,826	21,826
Provision and accruals	18,676	11,166
	9,256,298	8,695,019

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 6: Property, Plant and Equipment

	Buildings & Infrastructure	Furniture, Fittings & Equipment	Motor Vehicles	Assets under Construction	Total
	$	$	$	$	$
Cost					
Balance at 1 July 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
Additions	-	12,258	-	-	12,258
Disposals	-	(16,675)	-	(2,392,807)	(2,409,482)
Impact of foreign exchange	-	92	-	-	92
Balance at 31 December 2020	**1,741,511**	**261,742**	**215,359**	**-**	**2,218,612**
Accumulated Depreciation					
Balance at 1 July 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
Depreciation	69,333	46,315	33,976	-	149,624
Disposals	-	(16,675)	-	(2,392,807)	(2,409,482)
Impact of foreign exchange	6,633	3,417	3,252	-	13,302
Balance at 31 December 2020	**206,476**	**157,900**	**101,182**	**-**	**465,558**
Net Book Value					
At 30 June 2020	1,611,001	141,224	151,405	-	1,903,630
At 31 December 2020	**1,535,035**	**103,842**	**114,177**	**-**	**1,753,054**

Note 7: Exploration and Evaluation Expenditure

	31 December 2020 $	30 June 2020 $
Exploration expenditure	43,158,642	42,725,634

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.

Reconciliation of movements during the period:	6 months ended 31 December 2020 $	12 months ended 30 June 2020 $
Balance at the beginning of period	42,725,634	1,928,203
Exploration and evaluation assets acquired	-	40,521,647
Exploration and evaluation costs capitalised	330,481	2,504,833
Exploration and evaluation costs written off	-	(2,229,049)
Impact of foreign exchange	102,527	-
Balance at the end of the period	**43,158,642**	**42,725,634**

Note 8: Intangible asset

	31 December 2020 $	30 June 2020 $
L-Max® Technology	23,522,461	23,354,178
S-Max® Technology	149,016	146,109
LOH-Max® Technology	425,446	370,147
Balance at the end of the period	24,096,923	23,870,434

The recoverability of the carrying amounts of the L-Max® , S-Max® and LOH-Max® Technology is dependent on either its successful development and commercial exploitation or the sale of the assets.

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

Reconciliation of movements during the period:	6 months ended 31 December 2020 $	12 months ended 30 June 2020 $
Balance at the beginning of period	23,870,434	22,925,130
Development costs capitalised	263,352	2,200,112
Technology acquired	10,000	-
Research and Development Tax Credit received/receivable	(46,863)	(1,254,808)
Balance at the end of the period	**24,096,923**	**23,870,434**

Note 9: Convertible Note

	31 December 2020 $	30 June 2020 $
Liability component of convertible note	-	5,215,104

The liability component was measured at amortised cost. The accretion expense for the period was calculated by applying an effective interest rate of 16.8% to the liability component for the period. Prepaid interest and fees were amortised against the liability component. The equity component of $990,000 remains credited to equity.

Reconciliation of movements during the period:	6 months ended 31 December 2020 $	12 months ended 30 June 2020 $
Balance at the beginning of period	5,215,104	-
Liability component acquired	-	5,404,960
Accretion expense for the period	434,122	901,639
Amortisation of interest and fees	(301,327)	(780,692)
Convertible note repaid	(5,262,800)	-
Impact of foreign exchange	(85,099)	(310,803)
Balance at the end of the period	**-**	**5,215,104**

Note 10: Deferred Revenue

Deferred revenue of $5,912,890 (US$4,558,272) represents a payment 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) which provides for the sale of material located in the stockpile at the Karibib project in Namibia.

The deferred revenue is classified as deferred revenue as the payment is no longer refundable and 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.

Reconciliation of movements during the period:	**6 months ended 31 December 2020 $**	**12 months ended 30 June 2020 $**
Balance at the beginning of period	6,629,144	-
Deferred Revenue acquired	-	6,447,728
Impact of foreign exchange	(716,254)	181,416
Balance at the end of the period	**5,912,890**	**6,629,144**

Note 11: Share Based Payments

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

a) **Related Party Options**
On 19 November 2020, the Company issued a total of 67,500,000 options to directors, employees and consultants under the Company's Share Option Plan. The option exercise price was set at $0.012 per share, being a 50% premium to the closing price on the day immediately preceding the issue.

b) **Cornish Lithium Strategic Collaboration**
On 8 December 2020 the Company issued 100,000,000 options to Cornish Lithium Ltd ("CLL"), a UK registered private company pioneering the development of lithium mica deposits within the large St Austell granite complex in Cornwall, UK in accordance with the strategic collaboration agreement entered into on 4 December 2020. The options have a two year expiry and an exercise price was set at A$0.016, being a 100% premium to the closing price on the day immediately preceeding the announcement of the strategic collaboration.

Note 12: Segment reporting

Reportable Segments

The Group operates two reportable segments, being mineral exploration and development of its technologies that includes 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 for the Half year ended:				
31 December 2020				
Revenue	-	4,084,027	53,643	4,137,670
Total Profit/(Loss) before tax	-	4,017,479	(2,282,299)	1,735,180
31 December 2019				
Revenue	-	-	15,314	15,314
Total Profit/(Loss) before tax	(11,698)	-	(4,443,268)	(4,454,966)
(ii) Segment assets				
As at 31 December 2020	44,913,160	24,096,923	3,402,976	72,413,059
As at 30 June 2020	44,498,939	25,064,434	5,568,730	75,132,103

Geographical Information

	Australia $	Africa $	Canada $	UAE $	Europe $	Total $
(i) Segment performance for the Half year ended:						
31 December 2020						
Revenue	4,137,670	-	-	-	-	4,137,670
Total Profit/(Loss) before tax	3,039,091	(313,077)	(789,972)	(17,999)	(182,863)	1,735,180
31 December 2019						
Revenue	14,730	-	584	-	-	15,314
Total Profit/(Loss) before tax	(1,612,875)	(389,723)	(2,376,449)	-	(75,919)	(4,454,966)
(ii) Segment assets						
As at 31 December 2020	27,125,546	45,107,999	179,514	-	-	72,413,059
As at 30 June 2020	29,519,849	44,745,985	866,269	-	-	75,132,103

Note 13: Commitments

Operating lease commitments

There were no operating lease commitments at 31 December 2020 (30 June 2020: Nil).

Exploration lease commitments

The Group must meet the following tenement expenditure commitments 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:

	31 December 2020 $	30 June 2020 $
Not later than one year	299,497	3,002,903
After one year but less than five years	614,803	1,828,297
	914,300	4,831,200

Note 14: Contingent Liabilities and Contingent Assets

There are no contingent liabilities as at 31 December 2020.

Note 15: Subsequent Events

Exercise of Options

Since 1 January 2021, 2,107,984 ordinary shares were issued following the exercise of 810,000 unlisted options and 1,297,984 listed options (LPDOC) at an exercise price of A$0.02 per option.

Directors' Declaration

In accordance with a resolution of the directors of Lepidico Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 27 are in accordance with the Corporations Act 2001, including:
    a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Joe Walsh
Managing Director

Dated this 25th day of February 2021

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF LEPIDICO LTD

REPORT ON THE REVIEW OF THE FINANCIAL REPORT

Report on the Half-year Financial Report Conclusion

We have reviewed the accompanying half-year financial report of Lepidico Limited and its controlled entities ("Consolidated Entity") which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lepidico Limited is not in accordance with the *Corporations Act 2001* including:

i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Lepidico Limited's consolidated financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.
As the auditor of Lepidico Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of Lepidico Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth on this 25th day of February 2021