



LEPIDICO

ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 31 March 2021

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

Key Points

Development

- Key commercial terms agreed with Lycopodium, a highly experienced global engineering and project delivery organisation, to complete the EPCM for the Phase 1 Integrated Project plants in Namibia and UAE
- Development work for the Integrated Phase 1 Project is scheduled to start mid-May 2021, once jurisdiction specific EPCM contracts are finalised
- Environmental approval to construct the Abu Dhabi Chemical Plant granted, following approval of the requisite Preliminary Environmental Review; key commercial terms agreed for chemical plant land lease
- Chemical Plant Environmental & Social Impact Assessment completed in accordance with the Equator Principles and IFC Performance Standards
- Permits for mine and concentrator developments in Namibia in place
- Project remains on track for mining to start in the September 2022 quarter and chemical plant commissioning in the first half of 2023
- Three first order lepidolite bearing pegmatite targets generated from Karibib exploration programs, with drilling to start in May 2021
- Contained lithium in the Karibib Project Mineral Resources increased by 10% following completion of Mineral Resource estimates for lepidolite rich surface stockpiles and tailings

Products & Marketing

- Confidential discussions advancing well for supply of lithium hydroxide to consumers within the electric vehicle supply chain, as well as industrial users and chemical trading houses
- Letters of Intent signed with Bisley and BJR for Lepidico to supply lithium hydroxide and various by-products from the Phase 1 Project
- Confidential discussions progressing for long-term offtake of caesium-rubidium chemicals from the Phase 1 Project; significant supply constraints envisaged to emerge for these metals in 2021
- New proprietary process developed for production of high purity lithium carbonate from LOH-Max[®] raw lithium hydroxide via sequestration of upstream generated CO₂

Corporate and Finance

- Well-funded to start EPCM early services with cash and equivalents as at 31 March 2021 of \$4.4 million (pro-forma following utilisation of Controlled Placement Agreement) and no debt
 - Formal financing application submitted to U.S. International DFC, allowing confirmatory due diligence to start and an independent engineer to be selected
 - Provisional patent application for the lithium carbonate recovery process filed
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OVERVIEW & OUTLOOK

Lepidico continues to have a zero-harm track record since health, safety and environmental incident reporting began in September 2016. During the March 2021 quarter many employees and contractors continued to work effectively from home due to the ongoing pandemic, with one recovered COVID-19 case reported.

Excellent progress continued to be made during the March 2021 quarter on the various Phase 1 workstreams required to transition the Project to development, as outlined below, despite headwinds imposed by COVID-19 related restrictions. It is also noteworthy that lithium chemical prices have risen strongly since the beginning of the year on the prospect that the market will transition into deficits possibly as early as the latter part of 2021. Many commentators are forecasting continued strengthening in prices on the back of new supply struggling to meet demand growth from the electric vehicle (EV) sector, making for a positive fundamental environment for bringing a new development such as Phase 1 onstream.

- Early services and Front-End Engineering and Design (FEED) works planned to start mid-May 2021, once jurisdiction specific (Engineering Procurement & Construction Management (EPCM) contracts are finalised. Early works are scheduled to start in the December 2021 quarter followed by the project execution phase in March 2022 quarter.
- All permits are in place for Project development to start in Namibia. Preparations have started for the bulk earthworks tender for award in the September 2021 quarter.
- Preliminary Environmental Review (PER) for the Phase 1 Chemical Plant site within the Khalifa Industrial Zone Abu Dhabi (KIZAD) approved by the Environment Agency – Abu Dhabi (EAD). Subsequently the Environmental approval to construct the Chemical Plant was granted.
- Key commercial terms for the Musataha Agreement (licence to construct) with Abu Dhabi Ports have been agreed. Execution of the Musataha is planned to coincide with securing full funding for the Project.
- An ESIA for the Chemical Plant, aligned with the Equator Principles and IFC Performance Standards was finalised in the quarter and provided to Project lenders.
- Independent greenhouse gas assessment for the integrated Project close to completion.
- Rubicon tailings upgraded to Indicated Mineral Resource category, JORC Code (2012), and Inferred estimates completed for Rubicon and Helikon surface stockpiles from historical mining. Mineral Resource development to now focus on, 1) expanding Indicated and Inferred Resources to support a 20 year operating life and 2) developing an inventory for the Phase 2 Scoping Study.
- Lithium chemical supply discussions with consumers has led to the development of a three-pronged sustainable offtake strategy: flexible long term supply agreements for either lithium hydroxide or carbonate into the EV supply chain; 2) agency agreement for supply to industrial users including spot sales for volumes that exceed design; and 3) long term industrial user supply contracts.
- Letter of Intent (LOI) signed for Lepidico to supply Bisley with products from the Phase 1 Project with an initial focus on lithium hydroxide, SOP and amorphous silica. The Bisley lithium hydroxide market focus will be industrial applications for a volume up to 2,000 tpa.
- LOI signed for supply of caesium, rubidium and lithium chemicals to BJR for industrial uses.
- Sulphuric acid supply tender progressing well for award in the September 2021 quarter.
- Lion's Head Global Partners (LHGP) has continued to advance debt financing initiatives under a mandate letter executed with U.S. International Development Finance Corporation (DFC) and confirmatory due diligence starting with Development Financing Institutions (DFIs) and broadening engagement with commercial lenders.

DEVELOPMENT

Karibib Project (80%), Namibia

Karibib is fully permitted for the re-development of two open pit mines at Rubicon and Helikon 1, feeding lithium mica ore to a central mineral concentrator that employs conventional flotation technology. Major permits include the Mining Licence (ML204), water extraction permit and Environmental Compliance Certificates (ECC) for the Project, and a separate ECC awarded for the overhead power transmission line during the March 2021 quarter. The latter followed approval of the power line EIA by the regulator.

A draft agreement (that includes terms) has been received from a local utility for supply of 66kV grid power to the Karibib operations. The national grid in Namibia has significant contributions by solar and hydro with more renewables capacity coming on-stream. It is expected that 80% of grid power will be from renewable sources by 2025.

Preparations have started for tender packages and contracts for Karibib bulk earthworks and power supply construction, with the objective of finalising agreements in the September 2021 quarter for works to start the following quarter. Proposals for the engineering of the Project waste management areas are also in the process of being sought.

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

Chemical Conversion Plant (100%), Abu Dhabi

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

During the March 2021 quarter the PER for the Phase 1 Chemical Plant site within the KIZAD was approved by the Environment Agency – EAD. Subsequently, EAD provided Lepidico with an environmental approval to construct. The key commercial terms for the Company's Musataha Agreement with Abu Dhabi Ports have been agreed, which, following execution will entitle the Company to lease the land for the construction and operation of the chemical plant for a period of 25 years. Execution of the Musataha is planned to coincide with securing full funding for the Project.

The Environment and Social Impact Assessment (ESIA) for the Chemical Plant was completed in parallel with the PER. As for the Karibib Operations, this second ESIA has been completed to Equator Principles and IFC (Performance Standards) environmental and social standards to support the debt funding strategy. The Chemical Plant ESIA has been made available to debt financiers.

Subsequent to the end of the quarter the Company confirmed that Lycopodium Minerals Pty (Lycopodium) was selected for the engineering, procurement and construction management (EPCM) of the Phase 1 Integrated Project plants in both Namibia and United Arab Emirates (UAE). The selection of Lycopodium followed its successful completion of the engineering study for the Definitive Feasibility Study in May 2020 and agreement of key commercial terms for the Phase 1 Project EPCM.

Lycopodium will provide the engineering design, procurement of equipment and materials, and the construction management, pre-operational testing and commissioning services, as well as the overarching project management services, for both the delivery of the concentrator in Namibia and the chemical plant in the UAE. The key commercial terms of an integrated EPCM contract have been agreed. The integrated EPCM contract will be separated into two contracts that meet country specific requirements for each of Namibia and the UAE. Early services engineering work is expected to commence mid-May 2021 following the finalisation of the jurisdiction specific documentation.

It is expected that progress under the EPCM will provide confidence to the prospective customers and financiers which Lepidico is currently engaged with that the Phase 1 Project remains on track for mining to commence in September quarter 2022 and the start of commercial production in 2023.

The greenhouse gas (GHG) assessment for the integrated Phase 1 Project is at the time of writing close to completion and is expected to be finalised in the current quarter. The scope of the assessment now includes all high-value and bulk products from the Chemical Plant. The assessment will address IFC Scope 1 and 2 inventory and benchmarking, and will comply with the GHG Reporting Protocol methodology. It is planned that a complete Life Cycle Analysis (LCA) to ISO14044, which requires Scope 3 quantification (upstream and downstream emissions including construction) and data validation will be undertaken once sufficient relevant data becomes available during early operations.

Sulphuric acid represents the largest single consumable and operating costs for Phase 1. Acid supply proposals for the first three years of operation have been received, with the process on-track for contract award in the September 2021 quarter.

Product Marketing

Excellent progress was made during the quarter in securing offtake agreements for both the high-value and bulk products to be manufactured by the Phase 1 Chemical Plant. Engagement with chemical consumers has enabled a structured three-pronged lithium, caesium and rubidium supply strategy to be developed.

1. EV supply chain direct sales: enormous growth is predicted over the balance of the current decade in this industry sector. Phase 1 is designed to produce high specification lithium chemicals from hard rock sources and will have the capability of switching between supply of lithium hydroxide monohydrate and lithium carbonate as required by the customer. This flexibility has been developed to meet the future needs of EV manufacturers and provides a competitive advantage over single chemical producer projects. Lepidico's lithium supply strategy includes a long-term commitment to at least one consumer within the EV supply chain for 40%-60% of Phase 1 lithium chemical output. Negotiations are ongoing with multiple consumers under confidentiality.
2. Agency sales agreement: up to 40% of planned production from Phase 1 is expected to be committed under agency agreement(s). This will allow supply into local markets with short logistics routes to be maximised and a broad consumer base to be established. Building consumer confidence in Lepidico's products will benefit future supply from a planned Phase 2 project. Discussions are progressing with three experienced chemical trading houses for supply across all industry segments that consume lithium chemicals, including Bisley (see below).
3. Fine chemical direct sales: for lithium, caesium and rubidium chemicals. Discussions are progressing under confidentiality with several consumers and refiners of high-purity alkali metal compounds for offtake of these Phase 1 high-value products. Lepidico has entered into a non-binding LOI with Hubei Baijierui Advanced Materials Corporation (BJR) for supply of lithium, caesium and rubidium chemicals. BJR specialises in the manufacture of a broad range of high purity lithium, caesium and rubidium salts, supplied to both domestic Chinese and international customers.

Regional markets for the 13,000tpa of SOP, 35,000tpa of amorphous silica and approximately 70,000tpa of gypsum were evaluated in the quarter by a consultant in the UAE, with a location benefit identified for these Phase 1 bulk products. Furthermore, general imports (non-hydrocarbon) into the regional far exceed exports providing competitive back-haul rates for cargos to premium markets for both SOP and silica products.

Subsequent to the end of the quarter, Lepidico entered into a non-binding LOI with Bisley & Company Pty Ltd (Bisley) for supply of lithium hydroxide, SOP and amorphous silica, as well as other products from the Company's planned Phase 1 Project. Bisley is a well-established distributor of many of the products that Lepidico will produce from the Phase 1 chemical plant, with a focus on the Middle East, Asia Pacific and North America. Bisley, headquartered in Australia, has a global network of customers and strategically located offices in Sydney, Dubai, Houston USA, Bangkok, Jakarta, Kuala

Lumpur and Singapore and is well placed to market up to 2,000tpa of lithium hydroxide into industrial markets. Bisley has current positions in key agricultural and construction markets for SOP and amorphous silica. The target volumes, market segments and geographies for SOP and amorphous silica are to be defined.

Lepidico continues to closely monitor the caesium and rubidium markets globally, with significant supply constraints envisaged to occur in 2021, as pollucite concentrate inventories sourced from now depleted mines are consumed. Lithium mica ores now represent the only material near term source of the strategic metals caesium and rubidium, both of which are designated as Critical Minerals by the U.S. State Department and for which the United States is entirely reliant of imports. Further samples of caesium sulphate and rubidium sulphate were manufactured in the quarter to meet consumer requirements and to confirm product specifications. Requests for further samples have recently been received and samples are being manufactured in Perth.

Phase 2 Plant Scoping Study

Further scoping work has been undertaken to assess strategic locations for a Phase 2 Chemical Plant. In addition to Walvis Bay in Namibia and Abu Dhabi, prospective locations have been identified in the United States and Europe. All these locations will be contemplated in the Scoping Study, which is planned to restart this quarter based on a nominal output capacity of 20,000tpa lithium carbonate equivalent (LCE). Under the P1P DFS a scoping study capital estimate was developed for a nominal 20,000tpa LCE Phase 2 Project, with 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. Mineral Resource development activities to support the Phase 2 study progressed during the quarter (See below).

RESEARCH & PRODUCT DEVELOPMENT

Samples of both caesium sulphate and rubidium sulphate brines were produced during the quarter from the pilot plant in Perth, with increased caesium concentrations achieved in the former product. This work has allowed revised specifications to be developed and distributed to consumers.

Following more than a year of research and development work, Lepidico has filed a provisional patent application for a process that involves the sequestration of CO₂ into a crude LOH-Max[®] lithium hydroxide intermediate and subsequent refining to a nominal battery grade lithium carbonate. The process flowsheets for the refining of these two lithium chemicals mostly share common equipment, aside from the need for CO₂ reticulation and gas spargers in specific process reactors. Approximately 0.6 tonnes of CO₂ will be required for each tonne of lithium carbonate produced, equivalent to around 25% of process emissions from the upstream L-Max[®] plant. A preliminary evaluation by Strategic Metallurgy indicates a capital cost of less than US\$1 million will be required to integrate this lithium carbonate functionality into the back end of the Phase 1 Plant. Process design work is scheduled to be completed this quarter, which will allow feasibility study work to start for retrofitting lithium carbonate functionality to the Phase 1 Plant in production year two.

It is evident from discussions with both lithium-ion battery cathode and EV manufacturers that there is an emerging need for lithium chemical companies to be able to efficiently switch between production of lithium carbonate and lithium hydroxide. Automakers are broadening out their range of EV models that employ both lithium iron phosphate (LFP) and high nickel content nickel-cobalt-manganese oxide (NCM), as well as other existing and evolving cathode chemistries. Adoption of a mixed cathode strategy such as this will likely require supplies of both lithium carbonate and lithium hydroxide, in quantities that are currently difficult to determine, due to the uncertainty of future demand for different categories of EVs, be it for example compact, mid-range or prestige passenger vehicles, or light commercial vehicles.

Lepidico has received positive feedback from lithium chemical consumers within the EV supply chain for integrating functionality that provides the flexibility to produce either hydroxide or carbonate from

the Phase 1 Plant. Offtake discussions are progressing well and the lodgement of the provisional patent for this new process will allow for optionality to be included in offtake agreements.

Third Party Programs

Cornish Lithium has advised that it is working with Strategic Metallurgy to develop an L-Max[®] and LOH-Max[®] pilot plant to evaluate zinnwaldite/polyolithionite mineralisation sourced from the extensive St Austell granite complex in the Southwest of England. This work will further develop Lepidico's process technologies for application more broadly across the various lithium mica mineral species.

EXPLORATION & RESOURCE DEVELOPMENT

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals, including lithium, caesium, rubidium, tantalum, gold, copper, tungsten and uranium. Exploration activities increased during the quarter as restrictions imposed in response to the COVID-19 pandemic started to be lifted.

Karibib Project (80%)

Near Mine & Regional Exploration

Completion of several soil geochemical surveys that include the use of portable XRF analysis of rubidium, caesium, lithium and tantalum has led to the identification of 23 lepidolite bearing LCT-type pegmatite targets within EPL 5439 and ML204. From these, three first-order and five second-order targets have been identified for priority work programs. Scout drill programs have been designed for the first-order targets.

In the June 2021 quarter, work will be directed at the priority targets for both lithium mica bearing pegmatites and gold mineralisation (Figure 1). Exploratory RC (reverse circulation) drilling is planned at Rubicon West, Rubicon North and Homestead to the east of the Helikon area. These first-order targets are marked by observable lepidolite in outcrop within a broader pegmatite signature that have not been previously quantified by drilling. Drilling is expected to start in May 2021.

Additionally, three priority gold targets (G1, G2 and G3) within EPL 5439 will be subjected to geochemical assessment (soils and rockchips) in the June 2021 quarter to verify the gold prospectivity of these conceptual targets. The eastern part of EPL 5439 has geophysical and geological similarities to known large-scale vein-hosted gold deposits in the Karibib region.

To date, Lepidico has delineated in excess of twenty second-order LCT pegmatite and gold targets that will be progressively evaluated to develop new drill targets. The substantial endowment of the Karibib district in both lithium and gold mineralisation augurs well for new discoveries to be made through focused systematic exploration.

Mineral Resource Estimates

Historical mining of the Rubicon and Helikon pegmatites was largely for petalite, used in the ceramics industry. The pegmatites are generally zoned with the petalite occurring adjacent to the central quartz core, and lepidolite-rich zones commonly peripheral to these zones. As a consequence, much of the mined lepidolite and other lithium mica mineralisation was discarded in surface stockpiles or reported as tailings from processing. Lepidico has undertaken a program of work to augment existing data on these surface stocks to enable the classification of the first Mineral Resources under the JORC Code (2012).

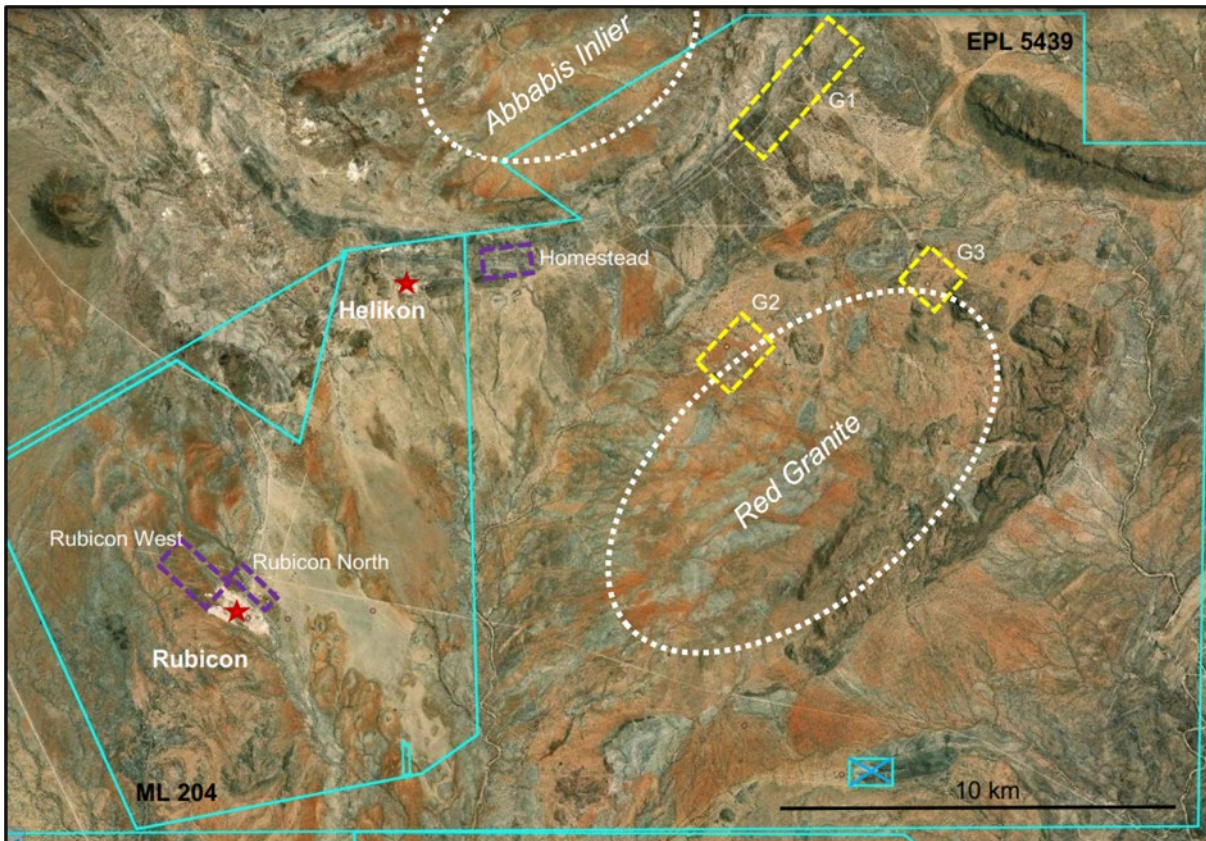


Figure 1. Karibib Project priority targets within ML 204 and EPL 5439. Drill ready LCT pegmatite targets (purple) and gold targets for geochemical survey (yellow).

During the quarter¹ the Company announced an increase in Resources at its 80% owned Karibib Project. The increased results were from an initial Mineral Resource estimate (“MRE”) for the surface stockpiles from former operations at the Rubicon and Helikon pegmatites and a Resource update for the Rubicon tailings, as presented in Table 1. The Mineral Resource statements were reported by Resource Evaluation Services in accordance with the requirements of the JORC Code (2012). These new Mineral Resource estimates total 641,000 tonnes @ 0.81% Li₂O (Table 1). Global Mineral Resources at Karibib now total 11.87 million tonnes grading 0.45% Li₂O (Table 2).

Table 1. Summary of tailings and stockpile Resources at Karibib

Resource	Tonnes	Li ₂ O %	Cs ppm	Rb %	Ta ppm	Li ₂ O % cut-off	Classification
Rubicon tailings ¹	71 000	0.99	538	0.42	60	0.00	Indicated
Rubicon stockpiles ²	369 000	0.86	411	0.28	56	0.00	Inferred
Rubicon historical dumps ²	45 000	0.68					
Helikon stockpiles ³	156,000	0.65	535	0.23	125	0.00	Inferred
Total⁴	641 000	0.81					

¹effective date 29 January 2021

²effective date 10 March 2021

³effective date 21 February 2021

⁴apparent discrepancies due to rounding.

Mineral Resource Development

Further works are planned over the Rubicon and Helikon stockpiles to increase data density and confidence to a level that would enable this material to be classified as Indicated Resources and thereby enable the estimation of Probable Ore Reserves. This work will involve machine-aided sampling of pits and trenches, RC drilling of the finer-grained comminuted dumps, additional bulk density determinations and XRD analyses of constituent mineralogy.

In addition, pods of high-grade lithium are observed in old mine workings at the Helikon 2, 3 and 4 pegmatites. These three deposits represent excellent targets for further drilling to increase the

¹ ASX Announcement, Karibib Mineral Resource expanded, 12 March 2021.

resource inventory and to promote current Inferred Mineral Resources into Measured and Indicated categories. These pegmatites are currently planned to be drilled in the September 2021 quarter.

Table 2. Karibib Project Global Mineral Resources⁺

Deposit	Resource Category	Mt	Li ₂ O %	Rb %	Cs ppm	Ta ppm	K %	Cut-off % Li ₂ O	Effective Date
Rubicon*	Measured	1.56	0.53	0.28	335	47	2.24	0.15	28.01.2020
	Indicated	5.72	0.36	0.20	232	37	2.11	0.15	28.01.2020
Helikon1*	Measured	0.64	0.65	0.25	520	61	1.90	0.15	28.01.2020
	Indicated	0.94	0.50	0.22	531	74	1.81	0.15	28.01.2020
	Inferred	0.17	0.70	0.29	1100	150	2.18	0.15	28.01.2020
Helikon2 [#]	Inferred	0.216	0.56					0.20	18.10.2018
Helikon3 [#]	Inferred	0.295	0.48					0.20	18.10.2018
Helikon4 [#]	Inferred	1.510	0.38					0.20	18.10.2018
Helikon5 [#]	Inferred	0.179	0.31					0.20	18.10.2018
Rubicon tailings	Indicated	0.07	0.99	0.42	538	60		0.00	29.01.2021
Rubicon stockpiles	Inferred	0.41	0.84					0.00	10.03.2021
Helikon stockpiles	Inferred	0.16	0.65	0.23	535	125		0.00	21.02.2021
Global	Measured	2.20	0.57	0.27	389	51	2.14		21.02.2021
	Indicated	6.73	0.39	0.21	277	42			29.01.2021
	Inferred	2.94	0.50						10.03.2021
	Total	11.87	0.45						10.03.2021

Notes: ⁺Resources are inclusive of Ore Reserves

*ASX announcement dated 30 January 2020: Updated Mineral Resource Estimates for Helikon 1 and Rubicon

[#]ASX announcement dated 16 July 2019: Drilling starts at the Karibib Lithium Project

CORPORATE

The health, safety and wellbeing of our people, staff and contractors, remains of paramount importance. The additional precautions associated with the COVID-19 pandemic remained in place during the quarter, including suspension of all business travel, along with working from home and adherence to local safety protocols in the jurisdictions in which we operate.

The geology team advanced desktop regional geology assessments in addition to limited fieldwork activities and ensured that all licences remain in good standing. The Company continues to make good progress on offtake for its products and in assembling a project financing package. Lepidico continues to monitor the COVID-19 pandemic and adjust working protocols accordingly to ensure the continued health and safety of our people and preserve the Company's assets.

As at 31 March 2021, Lepidico had cash of \$1.5 million, with a pro-forma cash of \$4.4 million following the utilisation of the Controlled Placement Agreement (refer below).

Project Finance

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

Lepidico Chemicals Namibia (Pty) Ltd (LCN), an 80% owned subsidiary, will operate the Karibib Project. A newly formed Namibian subsidiary (currently 100% owned by Lepidico but allows for third-party investment) is planned to develop and own the concentrator and other infrastructure, which will be leased and operated by LCN. Lepidico Chemical Manufacturing Ltd (LCM), a 100% owned Abu Dhabi subsidiary will develop and operate the Phase 1 Chemical Plant. LCM will enter into a Concentrate Sales Agreement with LCN to acquire concentrate on commercial terms. LCM will also enter into offtake/sales Agreements for the sale of lithium hydroxide and the various by-products.

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

In October 2020, the Company entered into a formal Mandate Agreement with US Development Finance Corporation (DFC) to undertake detailed due diligence on the Project, with a view to providing the necessary debt financing for the Namibian portion.

During the quarter the Company submitted its formal on-line application (Form 007) which allows DFC to commence its detailed due diligence process with an initial focus on ESG and the selection of an independent engineer.

Patents & Licences

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

As at 31 March 2021, the Company holds granted patents for its L-Max[®] technology in the United States, Europe, Japan and Australia. National and regional phase patent applications are well advanced in the remaining other key jurisdictions and these processes are expected to continue into calendar year 2021.

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

An international patent application is held for LOH-Max[®] under PCT/AU2020/050090 with the national and regional phase patent application expected to commence later in 2021.

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

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

Utilisation of Controlled Placement Agreement

Subsequent to quarter end, Lepidico successfully raised A\$2,925,000 (after costs) through the set-off of 134,000,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) as announced on 23 December 2019. The Set-Off Shares reduces the total 230,000,000 collateral shares which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. These Set-Off Shares had a deemed price of \$0.0218.

The funds raised allow EPCM works to start immediately following finalisation of jurisdiction specific documentation and provide working capital for the business to late 2021.

Exploration and Resources

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

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

Forward-looking Statements

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

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

CORPORATE INFORMATION

Board & Management

Gary Johnson	Non-Executive Chairman
Joe Walsh	Managing Director
Mark Rodda	Non-Executive Director
Cynthia Thomas	Non-Executive Director
Tom Dukovcic	GM Geology
Peter Walker	GM Project Development
Shontel Norgate	CFO & Joint Company Secretary
Alex Neuling	Joint Company Secretary

Registered & Principal Office

23 Belmont Avenue, Belmont, WA 6104, Australia

Stock Exchange Listings

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

Forward Shareholder Enquiries to

Automic Registry Services
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All correspondence to:
GPO Box 5193
Sydney NSW 2001

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

Issued Share Capital

As at 31 March 2021, issued capital was 5,187,868,769.
As at 29 April 2021, issued capital was 5,187,879,611.

Quarterly Share Price Activity

	High	Low	Close
January – March 2021	3.4c	1.4c	2.2c

Further Information

For further information, please contact

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Email: info@lepidico.com
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TENEMENT INFORMATION (Provided in accordance with ASX Listing Rule 5.3.3)

NAMIBIAN OPERATIONS, Karibib Project

Karibib Project Tenement Schedule

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

Notes:

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

Appendix 5B

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

Name of entity

Lepidico Ltd

ABN

99 008 894 442

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers/licence holder	-	4,084
1.2 Payments for		
(a) exploration & evaluation (expensed)	-	-
(b) development	(380)	(582)
(c) production	-	-
(d) staff costs	(665)	(1,060)
(e) administration and corporate costs	(394)	(1,285)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,244
1.8 Other (COVID-19 incentives)	-	53
1.9 Net cash from / (used in) operating activities	(1,439)	2,454

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(10)
(b) tenements	-	-
(c) property, plant and equipment	(39)	(51)
(d) exploration & evaluation (capitalised)	(202)	(625)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(241)	(686)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	111
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	43	43
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings (convertible debt securities)	-	(5,176)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	43	(5,022)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,107	4,793
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,439)	2,454
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(241)	(686)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	43	(5,022)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	9	(60)
4.6	Cash and cash equivalents at end of period	1,479	1,479

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,479	3,107
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,479*	3,107

* Following the completion of a \$2.925 million capital raise under the Controlled Placement Agreement the Company's pro-forma cash at the end of March 2021 is \$4.404 million. Refer 7.6 below.

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	467
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Details regarding Item 6.1	\$'000
Salaries	147
Directors Fees	285
Payments to Director Related Entities (Development)	35
	<u>467</u>

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	
7.2	Credit standby arrangements **	Up to 7,500
7.3	Other	-
7.4	Total financing facilities **	-
7.5	Unused financing facilities available at quarter end	Up to 7,500
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>** On 23 December 2019 the Company executed a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to \$7.5 million of standby equity capital to February 2022. Under the CPA Lepidico sets a floor price and the final issue price will be calculated as the greater of that floor price and a 10% discount to a Volume Weighted Average Price (VWAP) over a period nominated by Lepidico. As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares from its LR7.1 capacity, at nil consideration to Acuity Capital ("Collateral Shares") but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).</p> <p>On 19 April 2021 the Company announced it had raised A\$2,925,000 (after costs) through the set-off of 134,000,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) as announced on 23 December 2019. The Set-Off Shares reduces the total 230,000,000 collateral shares which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. The unused facility reduced by \$2.925 million following the capital raise and cash increased by \$2.925 million.</p>	

8. Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,439)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(202)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,641)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,479
8.5	Unused finance facilities available at quarter end (item 7.5)	Up to 7,500
8.6	Total available funding (item 8.4 + item 8.5)	8,979
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.5
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

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

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:
Although the Company has positive relevant outgoings at Item 8.3 it provides the following information due to the nature of the cash from operating activities during the quarter.

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

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

Answer: N/A

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

Answer: N/A

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

Compliance statement

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

Date: .29 April 2021.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.