



# LEPIDICO

ANNUAL REPORT 2021





## A HEARTFELT THANK YOU

Considerable contributions have been made this past year by everyone in the Lepidico team.

Given the extremely challenging conditions imposed by the COVID-19 pandemic, particular thanks go to our people in Namibia. Each and every one of you has moved Lepidico closer to achieving its goal of building a sustainable business based on Namibian lepidolite reserves.

The decision to spotlight members of our Namibian team in this year's report reflects our debt of gratitude to all of you for your dedication and determination to push through, regardless of the headwinds you face.



- 1 Nelson Ngovakwawo Tjakuhilwa  
Field Technician
- 2 Shyrlock Muukua  
Field Technician
- 3 Rudolphine /Uiras  
Janitor
- 4 Chris Movirongo  
Country Manager
- 5 Asser Ndjene  
Camp Coordinator
- 6 Simon Kahovera  
Exploration Manager
- 7 Vaino Shangenyange Shihepo  
Exploration Geologist



# HIGHLIGHTS

## SUSTAINABILITY

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- No recordable incident in 2021: Lepidico has a zero-harm health, safety and environment track-record since records began in September 2016.
- Third party Greenhouse Gas evaluation advises Phase 1 emissions are, “low compared with other emission intensities reported or derived from lithium hydroxide production facilities.” Opportunities identified to reduce emissions to industry leading levels.
- Commitment to the Initiative for Responsible Mining Assurance (IRMA) for independent third-party verification and certification on social and environmental performance standards.
- Significant socio-economic benefits in the Karibib region from creation of over 800 direct and indirect jobs, equivalent to 15% of the local population.
- Lepidico posted its maiden profit after receipt of revenue from the sale of its first technology licence.

## STRATEGIC RESOURCE DEVELOPMENT

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- Phase 1 provides the technologies for the world’s only source of new caesium and rubidium supply, Critical Minerals for which the U.S. is 100% import reliant; caesium supply is forecast to decline by over 40% from 2020 to 2022.
- 19 different lithium mica and lithium phosphate deposits globally have been successfully tested for their amenability to produce nominal battery grade lithium chemicals using Lepidico’s low emissions technologies, unlocking significant new lithium resource potential.
- Process technology licence package sold to Cornish Lithium for C\$4 million, an endorsement of the industry competitiveness of these technologies from both an environmental and economic perspective.
- Near mine and regional exploration targets generated and being evaluated for lithium, caesium and gold, for which the large Karibib property package is highly prospective.
- Resource expansion drilling started May 2021

# PROJECT DEVELOPMENT



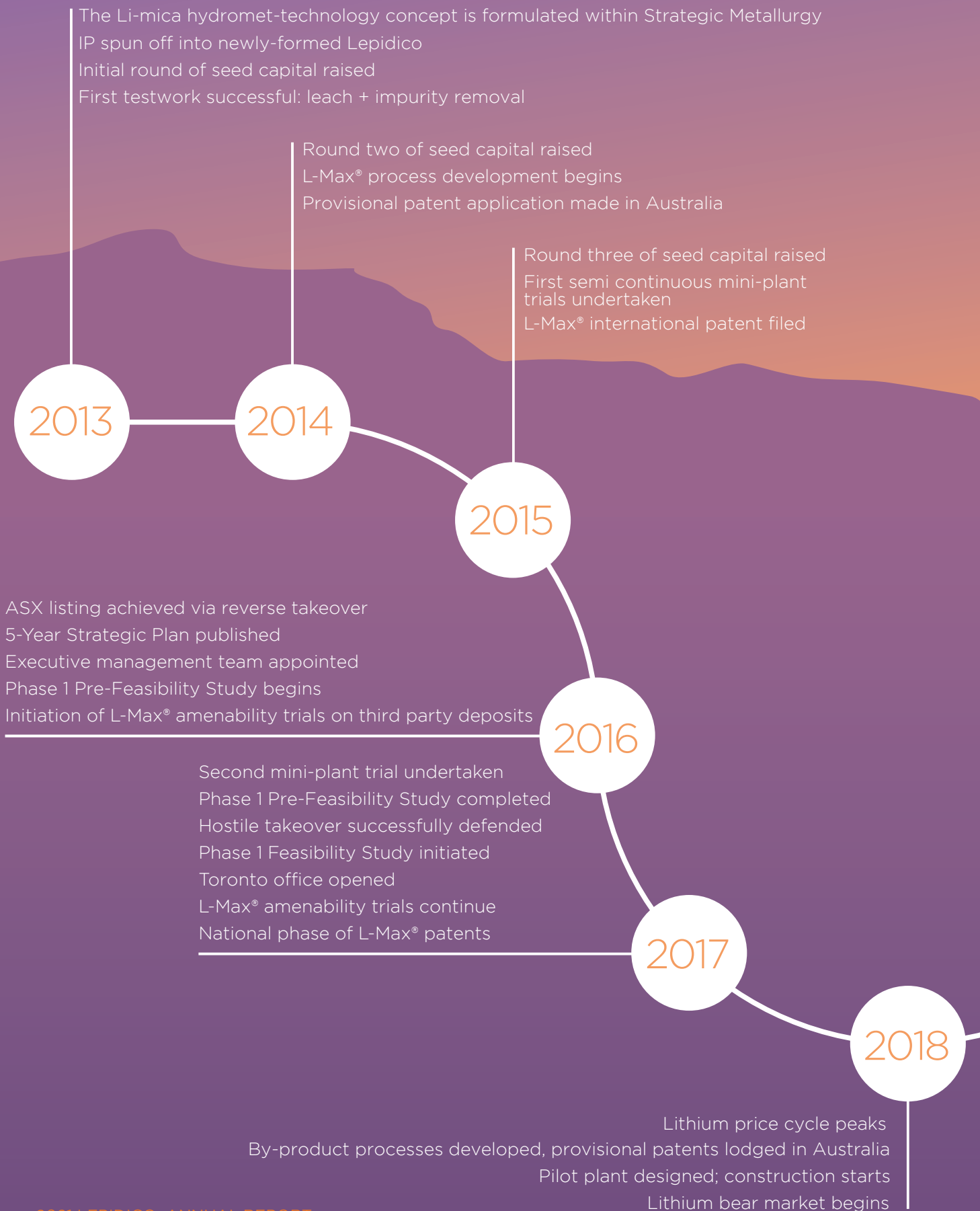
- EPCM works started May 2021, following contract award for the Phase 1 concentrator in Namibia and chemical plant in the UAE to Lycopodium, a highly experienced global engineering and project delivery organisation.
- All permits received for Namibian development; major approvals received for construction of the Abu Dhabi chemical plant and land lease terms agreed.
- Phase 1 operational refinements for production of 4,900tpa lithium hydroxide, plus caesium and rubidium sulphate; competitive AISC estimate of US\$3,221/t after by-product credits.
- Product offtakes advanced for lithium hydroxide into the rapidly growing Electric Vehicle supply chain and caesium sulphate to industrial users facing a significant market deficit on the near horizon.

# TECHNOLOGY DEVELOPMENT



- L-Max<sup>®</sup> offers a far less energy intensive solution for processing lithium mica minerals than conventional roasting, with the added benefit of significant by-product revenues.
- LOH-Max<sup>®</sup> provides a lower emissions and lower cost solution for direct conversion of lithium sulphate to nominal battery grade lithium hydroxide without production of potentially problematic sodium sulphate; also has application for spodumene conversion.
- Proprietary caesium and rubidium refining process from lithium mica mineral sources provides a new sustainable avenue for production of these strategic metals, which are on the cusp of dramatic supply deficit.
- Patent protection received for the L-Max<sup>®</sup> technology in Australia, Europe, Japan and the United States, with Canada pending. Provisional patent applications advancing for LOH-Max<sup>™</sup> and production of caesium and rubidium chemicals.

# Our evolution and future: FROM CONCEPT TO PHASE 2



Expected future events

Phase 1 Project ramp-up  
Phase 2 Feasibility Study completed

2023

2024

2022

Concentrate production starts  
Chemical production begins  
Phase 2 Pre-Feasibility Study completed

H2

2021

Full funding package in place  
Phase 1 construction starts  
Mining begins  
Phase 2 Scoping Study completed

Binding offtake agreements  
Project debt commitments received  
Final approvals to construct Abu Dhabi granted

H1

2021

Environmental permit to construct Abu Dhabi granted  
Independent greenhouse gas assessment confirms low emissions intensity  
Phase 1 Project EPCM contract awarded: development works start  
Shareholders support significant entitlement issue raising \$12.5 million (before costs)

2020

L-Max® patents granted in Australia, Japan and Europe  
Inaugural Ore Reserve report reveals that Lepidico owns the only undeveloped Cs and Rb Reserve globally  
Completion of Phase 1 Definitive Feasibility Study  
Namibian permits to construct received  
LOH-Max® enters international patent phase  
Mandate letter signed with US Government's lending institution International Development Finance Corp  
First technology licence package sold  
Debt retired

2019

LOH-Max® process developed, provisional patent lodged in Australia  
Pilot plant delivered on schedule and within budget  
L-Max® viability confirmed via pilot  
First Mineral Resources via off-market takeover of TSX-V Desert Lion Energy  
Feasibility Study extended to include Namibian Assets  
U.S. patent for L-Max® received  
Abu Dhabi selected for chemical conversion plant

# CHAIR'S AND MANAGING DIRECTOR'S LETTER



## THE VIEW FROM YOUR BOARD ACCELERATION ALL ROUND

Great progress has been made since last we wrote.

You will already be aware that the lithium cycle has comprehensively turned and is now substantially in Lepidico's favour. As growth in demand for electric vehicles accelerates exponentially, demand estimates for lithium continue to be upgraded. While market prices have already captured significant ground in recent months, we believe they are a long way from their eventual peak.

Our confidence is underpinned by the emerging consensus that a long-term undersupply of lithium seems certain. Some commentators have even advised that market deficits have already emerged.

Unsurprisingly in this environment, our prospective customers are increasingly concerned to secure new sources of the chemical. The most immediate result for Lepidico is our news on binding offtake agreements for our Phase 1 plant products, 18 months ahead of Project commissioning. Our focus is on long term contracts with established consumers in the EV supply chain in the case of lithium, for which negotiations have advanced well over the year.

The impact of our revenue broadening strategy is also making its presence felt.

Lepidico's L-Max® process means we can produce other chemicals - including caesium and rubidium. Four of these compounds are on the U.S. State Department's 35 Critical Minerals List. By October 2020 this had persuaded the administration's International Development Finance Corporation (DFC) to begin evaluating the provision of debt finance for our Namibian operations. This process is now in confirmatory due diligence.

Interest in our caesium remains high because the markets are volatile, with world supply being materially impacted as a major producer ceases operations. With their primary feedstock depleted, just one major manufacturer of caesium and rubidium chemicals remains globally. Lepidico's technologies allow us to become the second - our Phase 1 Project is the only new source of these strategic metals that is shovel ready.

Such high levels of confidence in demand for our products has, of course, supported our aggressive supply-side timetable.

With commercial terms agreed, we began Phase 1 development in May with engineers Lycopodium. This in turn allowed further capital to be raised, maintaining the build-out momentum towards free cash flow generation. We are very grateful for shareholders' vote of confidence in supporting their company financially.

The DFC application, coupled with export credit and commercial lending, are planned to ensure the most competitive finance terms for the Project. Our technology and strategy reduce scale-up and funding risk, allowing the Project focus on product quality rather than volume.

All other streams are also making swift progress. The Namibian developments are fully permitted and environmental approvals have been received for the chemical plant construction at the Khalifa Industrial Zone in Abu Dhabi - with a full ESIA completed to International Finance Corporation Standards to support debt funding.

Development Finance Institution debt is, of course, only possible because part of our Project is located in a developing economy and because it has compelling ESG credentials.



## OUR CONFIDENCE IS UNDERPINNED BY THE EMERGING CONSENSUS THAT A LONG-TERM UNDERSUPPLY OF LITHIUM SEEMS CERTAIN.



Land use, water intensity and greenhouse gas emissions are the three main environmental concerns for our industry and its stakeholders, particularly financiers but also customers. We have made significant progress on all three this year.

Firstly, a leading industry environmental consultant, GHD, completed a greenhouse gas assessment of the integrated Phase 1 Project. It advised our chemical plant emissions are low for the industry. In addition, it should be remembered that Lepidico's LOH-Max® provides an elegant solution for direct production of lithium hydroxide. It reduces energy consumption and avoids the production of problematic sodium sulphate, inherent in conventional spodumene conversion.

Environmental and social studies of our Namibia and Abu Dhabi operations have also been finished. They demonstrate the Project will meet the stringent Equator Principles and IFC Performance Standards. In fact, the Environmental and Social Management Plan, completed for the mines and concentrator at Karibib, validated material environmental improvements at these previously abandoned industrial sites. Considerable social benefits from the creation of over 100 jobs, as well as an estimated 800 indirect employment opportunities, will create a major boost to the local economy and communities leading to an array of quality of life benefits.

Looking ahead, Lepidico is now planning to achieve best-in-class CO<sub>2</sub> performance. Innovative alternatives for affordable green power and process heat generation, which are ideally suited for remote industrial locations, are being evaluated. We are also working with Lycopodium to futureproof the Phase 1 chemical plant with multi-capability equipment and tie-in points to retro-fit alternatives as soon as they become commercially available.

Meanwhile, trade-off studies into replacing natural gas with green hydrogen or solar for process heat are underway, which could more than halve the total emissions from Phase 1. In addition, cutting-edge solar options are being evaluated for both the Karibib and Abu Dhabi sites to provide off-grid renewable power.

Of course, there have been challenges this year. Care of our staff and contractors during the pandemic necessitated the adoption of flexible work. Our people in Namibia were most affected. Cases of the virus were reported, initially off-site and subsequently on-site. It is a great relief that all of the team recovered well. Everyone has been encouraged to be vaccinated, although their personal preferences have been - and will continue to be respected.

As we consider the year to come it is with a view of remaining firmly focused on delivering Lepidico's objectives. The business is driving forward to free cash flow generation. We will continue to leverage our unique position to become the first mover in new sources of specialty chemicals that are either in short supply or, in the case of lithium, projected to be.

In doing so we also remain committed to a sustainable business model. Implicit in this are industry best practice protocols in the areas of health, safety, the environment, human resources, sustainability, and stakeholder engagement. Lepidico is also striving to be an industry leader in minimising waste generation and emissions, with the objective of the Phase 1 chemical plant ultimately being a zero-waste facility and the Company's mines not requiring dedicated tailings storage facilities.

We again thank shareholders for another year of outstanding support on our quest to build a new vertically integrated chemical company manufacturing quality products for the twenty-first century.

Yours Faithfully  
**Gary Johnson, Chair and  
Joe Walsh, Managing Director**

# THE LITHIUM INDUSTRY AND ITS MARKETS

## THE WHAT: TIGHTENING CONDITIONS, HIGHER PRICES

*“...the market is set to face structural issues from 2021 onwards. Without significant supply-side developments, chemical availability poses a major bottleneck risk to battery production growth. We expect higher price levels to incentivise further investments by late-2021.”*

- Benchmark Mineral Intelligence (BMI)

After nearly three years of decline, expectations of a dramatic turnaround in supply-demand fundamentals have entirely transformed lithium prices and profitability for producers.

Given upgraded demand estimates, analysts have realised that a more than six-fold increase in global supply would be required to meet anticipated growth between 2020 and 2030. This is equivalent to ten new chemical plants with annual outputs of 20,000 tonnes being opened every year - for the next nine years - to balance supply and demand.

This emerging deep market imbalance is already manifesting itself. Surpluses in stockpiles during late 2020 have now dissolved. Capacity cuts and delays in new projects triggered by three years of low prices means supply is now struggling to match current demand. Which means current market conditions are tight; commentators are predicting outright deficits from as early as late 2021. The impact on prices has been immediate. Posting cycle lows during late 2020, spot lithium hydroxide prices have more than doubled in less than 12 months - to over US\$20,000/t. Meanwhile contract prices jumped meaningfully in the June quarter and the demand outlook is extremely strong according to producer reports.

## THE WHY: EXPONENTIAL DEMAND GROWTH

Electric vehicle (EV) sales continue to be the key demand driver for battery materials. EV adoption rates are now growing faster than many predicted even a year ago.

EV sales totalled 2.5 million units in the six-months to end June 2021, a 164% increase over the prior period. According to industry commentator Rho Motion, EV sales are expected to reach 14.6 million units by 2025, which would equate to a 14.2% penetration rate. Further, BMI forecasts EV demand to increase by 35% from 2021 to 2022 and a compound annual growth rate (CAGR) of 26% over the coming 10 years. Many other commentators are continuing to revise their EV adoption estimates upwards, supported by increasingly aggressive electrification targets by automakers and governments, particularly in North America and Europe. Brazil, Canada, Japan, Italy, South Korea and Mexico amongst others have selected a 30% electric vehicle sales target by 2030, while France, Germany, India, Israel, The Netherlands, Norway and the UK have stated they propose to end internal combustion engine vehicle sales between 2030 and 2040. Most recently, the U.S. has set a target for new light vehicle sales of 50% being electric by 2030.

## THE RESPONSE: INVESTORS TURN TO LITHIUM EQUITIES

Naturally, investor sentiment towards current lithium producers followed suit. After hitting its cycle low in March 2020 the Global X Lithium & Battery Tech ETF broke out of its historical trading range posting new highs by November 2020 and by 30 June 2021 had appreciated nearly four-fold. The initial upward momentum in this ETF was largely driven by the downstream technology names involved in battery and cathode manufacture, however, this rapidly progressed upstream into the raw materials producers. Subsequently investor interest found its way into the industry's developers including Lepidico.

Given the long-term undersupply, the market environment for new high quality lithium projects is also very positive. Lepidico's share price made gains on sale of our first technology licence, allowing the retirement of a C\$4.0 million commitment in December 2020. Sentiment improved further in August 2021 on publication of our first independent stockbroker report.

## THE LONGER-TERM: UNDERSUPPLY AND HIGHER PRICES TO REMAIN

BMI forecasts demand in 2030 will be more than 2.3 million tonnes. This implies a supply deficit of almost 1 million tonnes of lithium carbonate equivalent (LCE), as producers struggle to bring new projects on stream.

BMI also advises that the timeframes for production expansions, let alone new project developments, will continue to challenge the industry. This implies healthy incentive prices will be required to ensure new projects are committed to. They will also have to meet the ever more stringent environmental and social criteria demanded by many investors, legislators and auto manufacturers.

There is also significant structural change in the caesium and rubidium markets.

## FURTHER UPSIDE: CAESIUM & RUBIDIUM

With the depletion of several sources of pollucite, the main mineral source of these strategic alkali metals, one of the two major manufacturers of caesium and rubidium chemicals will cease production later this year.

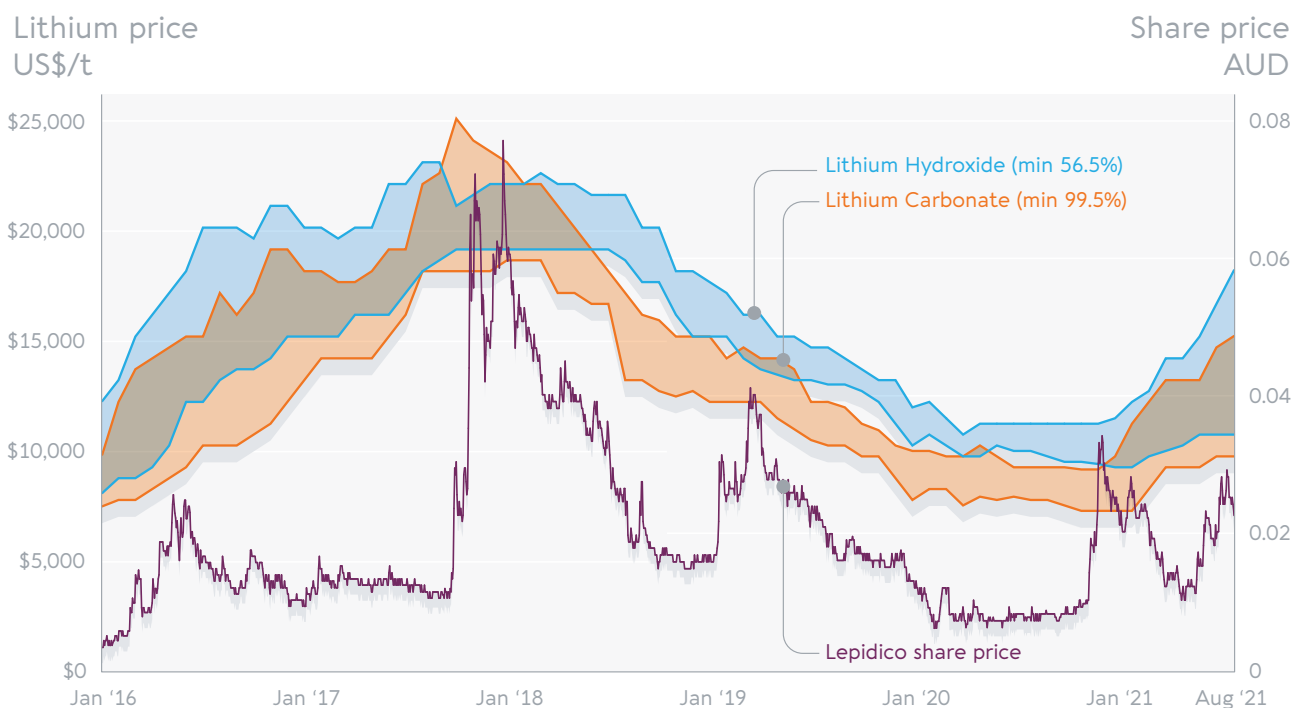
Annual demand for caesium is estimated to range between 1,000t and 1,200t, with a c.40% decline in supply expected. This is driving some consumers to look more closely at rubidium as a substitute.

Lithium mica minerals, in particular lepidolite, represent an alternative mineral source of caesium and rubidium. Lepidico's process technologies provide an elegant and environmentally responsible solution for the production of caesium and rubidium chemicals.

Our Phase 1 is designed to produce up to 200t annually of caesium in chemical and is the world's only new project on the cusp of development.

Prices (January 2016 - August 2021)

Source: BMI, ASX



# PROJECT DEVELOPMENT

## PHASE 1 PROJECT UPDATE: DRIVING TO CASH FLOW GENERATION

Development for the mineral concentrator and chemical conversion plant started in May.

Lycopodium Minerals Pty Ltd (“Lycopodium”), a leader in integrated engineering, construction and asset management for mineral processing and chemical plants, has been awarded the Engineering Procurement & Construction Management (EPCM) contracts.

At fiscal year end, early services and Front-End Engineering and Design (FEED) work was well advanced. Construction is planned to start in early calendar 2022, once project finance and offtake agreements for the major products are finalised. Mining is scheduled to start in Namibia later in 2022, followed by concentrator commissioning in the first half of 2023 and chemical plant commissioning in Abu Dhabi targeted to start three months later on receipt of the first concentrate.

Vertical integration means that Phase 1 will reap the full value chain benefits - from ore mining to fine chemical manufacture - via our proprietary hydrometallurgical technologies that include **L-Max®** and **LOH-Max®**.

## THE FUNDAMENTALS: CORE PROJECT PARAMETERS

Phase 1 involves the production and shipment of lepidolite concentrate from Namibia to the chemical conversion plant at KIZAD in the United Arab Emirates. The conversion plant has a concentrate capacity of 6.9tph (tonnes per hour), capable of producing 5,600tpa. Average annual Phase 1 Project (PIP) output is estimated at 4,900tpa of battery grade lithium hydroxide monohydrate, along with a suite of high-value and bulk by-products.

Total production is estimated at over 7,000tpa LCE, when converting by-products to lithium equivalents. This relatively modest scale by industry standards is an important part of Lepidico’s strategy to grow, whilst managing development and operating risks for stakeholders.

Attractive investment fundamentals for the PIP include an NPV<sub>8%</sub> of US\$221 million (A\$340 million) and an Internal Rate of Return of 31% ungeared.

Operating costs for the integrated Project after credits from by-products are competitive with an average C1 cost of US\$1,656/t LCE and an AISC of US\$3,221/t.

Development capital of US\$139 million includes a 13.6% contingency and is split approximately 30/70 between (i) the mine and concentrator in Namibia; and (ii) the Abu Dhabi chemical conversion plant.

Capital intensity is industry competitive for an integrated hard rock project at US\$27,900/t LCE and just US\$17,400/t LCE net of by-products.

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

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

Lepidico has positioned its Phase 1 Project as an early mover in the new lithium demand cycle.











Collins Cheboi, graduate metallurgist

# TECHNOLOGY DEVELOPMENT

## MINES & CONCENTRATOR: MINIMUM DISTURBANCE, MAXIMUM EFFICIENCY

Our upstream operations in Namibia, are designed to maximise the use of land disturbed by previous mining activities.

With the redevelopment of two modest scale open pit mines at the Rubicon and Helikon 1 deposits, we will focus on mining the high grade ore zones to maximise early cash flow.

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

Helikon 1 will be a satellite pit located c.7km from the concentrator, which will be adjacent to Rubicon. The haul road from Helikon 1 is already developed and conventional trucks will be used for haulage.

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

Rubicon mine waste will be placed in a separate WMA immediately to the east of the open pit. There it will be co-disposed with filtered tailings from the mineral concentrator and used to construct the walls and to cap the facility at closure. This approach minimises land disturbance, water use and project closure costs. It will leave a stable structure that can be returned to agricultural use.

The mineral concentrator will use conventional crushing, grinding, desliming and froth flotation processes followed by dewatering of concentrate and tailings streams. 85% of the water is recycled from the filters.

The lithium principally occurs in lepidolite, amblygonite and lithian muscovite which lend themselves to concentration via conventional flotation. The overall recovery of lithium to the lithium concentrate is 80-90%, at a concentrate grade of 2.9%-4.2%  $\text{Li}_2\text{O}$ . These values vary according to the mineralogy.

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

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

Concentrate from Karibib will be bagged and containerised to prevent contamination during its journey to Abu Dhabi for chemical conversion. Five truck movements per day will be required to transport the concentrate bags, 220km to the port of Walvis Bay. From here it will be shipped to Khalifa Port, the main container terminal for Abu Dhabi. KIZAD, where the L-Max® plant will be constructed, is a purpose-built industrial free zone adjacent to the port.

Abu Dhabi City is located approximately 70km to the southwest and is serviced by a well-developed road network and, in the future, rail.

## CHEMICAL CONVERSION PLANT: PATENTED LOW-ENERGY INTENSITY

**L-Max®**, Lepidico's first proprietary process technology was developed over six years through an extensive series of laboratory, mini-plant and pilot programs. Further refinements to the process continue to be made from the Company's R&D and licencing activities.

Coupled with extensive flowsheet modelling and vendor testwork, a robust process has evolved that produces lithium chemical, high value by-product chemicals of caesium and rubidium (extracted by a separate proprietary process) and a range of bulk by-products, in an efficient low energy approach.

Patent protection was received in fiscal 2020 for **L-Max®** in Australia, Europe, Japan and the United States.

The Phase 1 chemical plant is designed to process 56,700tpa of lithium mica/amblygonite concentrate at a feed grade of up to 4.0%  $\text{Li}_2\text{O}$  - for production capacity of 5,600tpa of lithium hydroxide.

The overall lithium recovery from concentrate to lithium hydroxide is estimated at 90%.

During the **L-Max®** process direct leaching of the input mineral from the feed negates the need for energy intensive thermal or elevated pressure treatment steps, which are required by many other hard rock lithium conversion processes.

Optimising leach conditions has been an important part of our R&D. Very little energy is now required to keep the process at temperature.

Handling of the leached slurry is a unique part of the **L-Max®** process. Filtered at moderate temperature the slurry yields a solution containing the valuable alkali metals and a silica-rich filter cake. Effective washing of this cake achieves high lithium recovery to the liquor moving downstream.





Amy Jones, Metallurgical Technician

The filtered leach liquor, which is also rich in aluminium, is cooled - crystallising an alum solid. This step achieves the separation of lithium from potassium, rubidium and caesium.

With further filtration the potassium, rubidium and caesium, and most of the aluminium, reporting to the solids; and the lithium stays in solution. The alum solids are further treated to the lithium yield saleable potassium, caesium and rubidium products.

The impure lithium-rich liquor is then treated through a series of pH controlled precipitation stages, with limestone and lime, to remove the remaining impurities of iron, aluminium, manganese, and magnesium.

The resulting lithium sulphate solution is of sufficient quality to allow the recovery of a high specification lithium product.

**LOH-Max<sup>®</sup>** allows the cost-effective production of high quality lithium hydroxide without the co-production of sodium sulphate. It takes the lithium sulphate liquor produced from L-Max<sup>®</sup> as feed and uses hydrometallurgical reactions to produce lithium hydroxide and a gypsum containing residue.

Provisional patent applications for **LOH-Max<sup>™</sup>** - and the separate process for production of caesium and rubidium chemicals - advanced in fiscal 2020.

### Chemical conversion plant key features:

- Six years of development including mini plant and pilot plant manufacture of products
- Employs common use low-cost reagents
- Multiple products maximise revenue and minimise waste
- Low temperature and atmospheric pressure leach with no roasting stage required, allowing for relatively low energy intensity and modest greenhouse gas emissions
- Conventional processing equipment and non-exotic materials of construction
- Relatively short equipment and construction lead time.



# BUSINESS DEVELOPMENT

## THREE MAJOR WORKSTREAMS FOR PHASE 1

Major work packages were advanced this year as the company focused on taking Phase 1 into its construction phase:

1. **securing the requisite permits and approvals;**
2. **entering into binding offtake agreements; and**
3. **arrangement of a full project funding package.**

### 1. Permits and Approvals

All permits and approvals are now in place for construction of the Namibian operations.

Most notably, a mining licence was granted in 2018 for a period of ten years - covering all currently identified Mineral Resources at Karibib, as well as high-priority lithium pegmatite exploration targets.

The latter represent opportunities to expand the Mineral Resource to support a Phase 2 Project development. Water extraction at Karibib is governed by a standalone permit that allows for approximately twice the quantity of water required for Phase 1 at peak production.

During the past year the Preliminary Environmental Review for the Phase 1 chemical plant site at 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 (ADP) 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.

### 2. Offtake

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

By year end lithium supply discussions were being prioritised with three consumers. One is the result of an unsolicited inbound enquiry received during the June quarter, testament to the rapidly tightening lithium market. At the time of writing terms were being negotiated for long-term offtake of all the annual output from Phase 1.

The structural changes in the caesium and rubidium markets have led to considerable interest in these metals from Phase 1.

At year end, the Company was in meaningful discussions with four groups for long term supply of all the caesium and a proportion of the rubidium.

### 3. Finance

Lepidico has been working with Lion's Head Global Partners (LHGP) since December 2019 as a finance advisor. LHGP has specialist capabilities in our geographies of Africa, the UAE, Europe and the United States.

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

In October 2020, Lepidico entered into a formal Mandate Agreement with the U.S. Government's International Development Finance Corporation. Detailed due diligence on the Project, with a view to providing debt finance for the Namibian developments, is now being undertaken.

Later in the year DFC appointed Behre Dolbear Australia Pty Ltd as the independent engineer to complete detailed technical due diligence, which is scheduled to deliver in calendar 2021.

## PHASE 2 AND TECHNOLOGY LICENCES

### Preparation for further growth

Scoping has been focused on: (i) identifying locations in the United States for a chemical plant; and (ii) Mineral Resource development within the Karibib Mining Licence area (see Exploration Overview).

Lepidico is now engaged meaningfully with U.S. representatives from eight prospective States. There is considerable interest in securing direct foreign investment in the EV supply chain. Indications are that some States could offer incentives equivalent to those from the UAE's industrial Free Zones.

It is planned that discussions will continue in early 2022 once the Phase 1 Project has advanced to full implementation.

Walvis Bay in Namibia and Abu Dhabi will continue to be evaluated as prospective locations for a Phase 2 plant along with a possible location in Europe. The Scoping Study contemplates a nominal output capacity of 20,000tpa LCE.

Using Phase 1 DFS data, a scoping study level capital intensity for a Phase 2 Project was estimated to be US\$16,900/t LCE and just US\$10,500/t LCE on a net of by-products basis.

## Technology Licences

Lepidico sold its first technology licence in December 2020 to Cornish Lithium Ltd (CLL). A privately-held UK company, CLL is pioneering the development of lithium mica deposits in the large St Austell granite complex in southwest England.

Lepidico granted CLL an exclusive technology licence package that includes the proprietary **L-Max<sup>®</sup>**, **LOH-Max<sup>®</sup>** and caesium rubidium manufacturing processes. The consideration for the licence and technology data package was C\$4 million, which allowed Lepidico to record its first profit in fiscal 2021.

In recognition of the collaboration to pioneer Lepidico's technologies on zinnwaldite and polyolithionite 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.



Adam Farghaly, Senior Metallurgist

# RESERVES & RESOURCES

## Karibib Lithium Project

The Karibib Lithium Project in central Namibia is made up of four tenements covering 1,034km<sup>2</sup> of the Karibib Pegmatite Belt. The Belt is a major regional intrusive zone of LCT-type (lithium caesium tantalum) pegmatites.

The project contains numerous highly fractionated LCT-type pegmatites. The dominant lithium minerals are lepidolite, lithium-mica and petalite.

Some of the pegmatites have been mined since the 1930's for beryl, tantalite and petalite for use in the ceramics industry. The largest of the known lepidolite-rich deposits are at Rubicon and Helikon.

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

## Mineral Resources

Snowden Mining Industry Consultants Pty Ltd ("Snowden") produced Mineral Resource Estimates (MREs) for Rubicon and Helikon 1 in January 2020.

Snowden reported in accordance with the JORC Code (2102) and estimates are based on 5,164m of additional diamond drilling undertaken in 2019, with 51 holes completed at Rubicon and 35 holes completed at Helikon 1.

As reported to the ASX in January 2020, Resources at Rubicon and Helikon 1 total 8.87Mt @ 0.43% Li<sub>2</sub>O.

Significantly, the updated MREs also include estimates for caesium, rubidium and potassium. MREs by The MSA Group for Helikon 2-5 do not include assay data for caesium, rubidium or potassium at this time.

The pegmatites are generally zoned with the petalite occurring adjacent to the central quartz core. Lepidolite-rich zones are commonly peripheral to these zones.

As a consequence, much of the lepidolite and other lithium mica mineralisation was mined to access the petalite and discarded in surface stockpiles or reported as tailings from processing. In fiscal 2021 a program of work was undertaken to augment existing data on these surface stocks to enable the reporting of the first Mineral Resources classified under the JORC Code (2012).

Pit optimisations undertaken by Australian Mine Design and Development Pty Ltd (AMDAD) for Rubicon and Helikon 1 demonstrate these Mineral Resources to be potentially economic at a cut-off grade of 0.15% Li<sub>2</sub>O.

## Ore Reserves

The dip, geometry and near surface location of the mineralised zones at the Karibib Project are suitable for conventional open pit truck and shovel operations, with drilling and blasting required to fragment mineralised and waste rock.

An industry standard approach to mine planning has been undertaken:

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

Pit wall slopes are based on a geotechnical assessment by engineers Pells Sullivan and Meynink. The geotechnical assessment was based on: (i) dedicated geotechnical drilling in final pit walls; (ii) mapping of fault structures; (iii) core assessment and physical rock testing; and (iv) failure modelling.

Inter ramp angles are 55° based on 15m high benches with 8m berms.

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

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

## Other Exploration

Lepidico is maximising the value of its exploration portfolio via programs targeted at a range of metals that the Karibib region is prospective for. These include tantalum, gold, copper, tungsten and uranium.

Exploration during much of fiscal 2021 was hampered by COVID-19 movement restrictions imposed by the Namibian authorities, however much valuable work was undertaken.

Mineral Resource development drilling resumed in June following the easing of COVID-19 restrictions in Namibia.



## Karibib Mineral Resource Estimate

Deposit	Resource Category	Tonnes (M)	Li <sub>2</sub> O (%)	Rb (%)	Cs (ppm)	Ta (ppm)	K (%)	Cut-off (% Li <sub>2</sub> 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
Helikon 1*	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
<b>Global</b>	<b>Measured</b>	<b>2.20</b>	<b>0.57</b>	<b>0.27</b>	<b>389</b>	<b>51</b>	<b>2.14</b>		<b>21.02.2021</b>
	<b>Indicated</b>	<b>6.73</b>	<b>0.39</b>	<b>0.21</b>	<b>277</b>	<b>42</b>			<b>29.01.2021</b>
	<b>Inferred</b>	<b>2.94</b>	<b>0.50</b>						<b>10.03.2021</b>
	<b>Total</b>	<b>11.87</b>	<b>0.45</b>						<b>10.03.2021</b>

Note: \*Snowden estimate cut-off 0.15% Li<sub>2</sub>O; #MSA Group estimate cut-off 0.20% Li<sub>2</sub>O; no cut-off applied to stockpiles on the assumption that all such material would be picked up and processed.





## Karibib Ore Reserve Estimate

Pit	Mt	Li <sub>2</sub> O %	Rb %	Cs ppm	Ta ppm	K %
<b>Rubicon Pit</b>						
Proved	1.38	0.55	0.28	350	50	2.17
Probable	3.94	0.38	0.20	230	40	2.03
Pit Total	5.32	0.43	0.22	260	40	2.06
Waste	22.84					
Waste: Ore Ratio	4.30					
<b>Helikon 1 Pit</b>						
Proved	0.55	0.69	0.26	560	60	1.93
Probable	0.85	0.51	0.22	550	80	1.79
Pit Total	1.40	0.58	0.24	550	70	1.85
Waste	2.51					
Waste: Ore Ratio	1.80					
<b>Total Project</b>						
Proved	1.93	0.59	0.28	410	50	2.10
Probable	4.79	0.41	0.21	290	40	1.99
Total Ore	6.72	0.46	0.23	320	50	2.02
Waste	25.35					
Waste: Ore Ratio	3.80					

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

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

The information in this report that relates to the Rubicon Stockpiles, Helikon Stockpiles and the Rubicon Tailings MREs is based on information compiled by Stephen Godfrey who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of the Australian Institute of Geoscientists (MAIG) and has sufficient experience which is relevant to the style of mineralisation

and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Godfrey is the principal of Resource Evaluation Services and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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

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

# BOARD OF DIRECTORS AND MANAGEMENT

MR GARY JOHNSON



## BOARD OF DIRECTORS

### Mr Gary Johnson

**Chair (Non-executive)**

Qualifications - MAusIMM, MTMS, MAICD

### Mr Julian “Joe” Walsh

**Managing Director (Executive)**

Qualifications - BEng, MSc

MR ALEX NEULING



MR JOE WALSH



### Ms Cynthia Thomas

**Non-Executive Director**

Qualifications - B.Com, MBA

### Mr Mark Rodda

**Non-Executive Director**

Qualifications - BA, LLB

MS SHONTEL NORGATE



MS CYNTHIA THOMAS



## MANAGEMENT TEAM

**Joint Company Secretary**

### Mr Alex Neuling

Qualifications: BSc, FCA (ICAEW), FCIS

**Chief Financial Officer &  
Joint Company Secretary**

### Ms Shontel Norgate

Qualifications: CA, AGIA ACIS

MR TOM DUKOVIC



MR MARK RODDA



**General Manager - Geology**

### Mr Tom Dukovic

Qualifications: BSc (Hons), MAIG, MAICD

**General Manager -  
Business Development**

### Mr Peter Walker

Qualifications: ScENG, CENG, ARSM

MR PETER WALKER





## 2021 ACHIEVEMENTS

- No recordable incidents in 2021: Lepidico maintains its zero-harm health, safety and environment performance since records began in September 2016.
- Significant socio-economic benefits identified in the Karibib region, from creation of over 800 direct and indirect jobs, equivalent to 15% of the local population.
- Long term environmental benefits associated with the planned Karibib mine and concentrator redevelopments lead to their assessment as a Category B Project in terms of the Equator Principles and International Finance Corporation (IFC) processes.
- Preliminary Environmental Review for the Phase 1 Chemical Plant site in Abu Dhabi approved and Environmental & Social Impact Assessment finalised, meeting Equator Principles and IFC processes.
- Third-party Greenhouse Gas evaluation completed. Phase 1 emissions are, “low compared with other emission intensities reported or derived from lithium hydroxide production facilities.”
- Opportunities identified to futureproof the Phase 1 chemical plant and potentially reduce integrated project Scope 1 and 2 emissions to best in class performance of less than 3.0t CO<sub>2</sub>-e/t LCE.
- Potential Scope 3 lithium chemical emissions savings associated with bulk by-products are estimated at 34,000t CO<sub>2</sub>-e per year. This would “offset a material proportion of envisaged overall annual Scope 3 inventory emissions.”
- Further unquantified Scope 3 emissions savings envisaged, associated with caesium and rubidium by-products.
- Water use for the vertically-integrated project’s lithium hydroxide production is estimated at just 33m<sup>3</sup>/t LCE.
- 85% of water is designed to be recycled for the Namibian operations with natural aquifer regeneration data exceeding nett extraction.
- Footprint in Namibia maximises use of previously disturbed land by mining areas. The UAE plant, within a designated industrial park, occupies just 5.7 hectares.
- Lepidico now complies with all ASX Principles of Good Corporate Governance and Best Practice Recommendations that can be achieved with the current Board composition, with further improvement envisaged as skills are added to meet business growth plans.
- Committed to the Initiative for Responsible Mining Assurance (IRMA) for independent third-party verification and certification on social and environmental performance standards.
- Edison Group appointed as investor relations advisor with a focus on digital engagement, including social media, to enhance stakeholder communications.
- Donation of medical supplies to Otjimbingwe clinic in Namibia to support its COVID-19 community activities.

## KEY ACTIONS DISCUSSION

Environmental stewardship, social responsibility and corporate governance are key tenants for any sustainable business. Stakeholders, be they governments, investors, financiers, customers or suppliers, require visibility in these areas in order to effectively manage their own affairs and report accurately.

Lepidico requires the same reciprocity from its stakeholders, ensuring ethical practice throughout the supply chains we participate in.

## Environmental Stewardship

Governments around the world are now enforcing ever more stringent greenhouse gas emissions standards on electric vehicle manufacturers (OEMs), which includes emissions associated with the raw materials they employ. For lithium chemical suppliers this ethical sourcing extends to evaluation of water and land usage, both of which can be challenging for certain types of lithium deposits and processes.

Lepidico's Phase 1 Project has relatively low greenhouse gas emissions, modest water usage, and a small land disturbance footprint.

Coupled with environmental improvements in Namibia at the end of mine life - and there being no production of sodium sulphate from our chemical conversion plant - leads us to believe Phase 1's aggregate environmental credentials are industry-leading.

## Greenhouse Gas Emissions, Energy Management and Climate Impact

### Summary:

**Phase 1 greenhouse gas emissions represent the sole reportable impact to the climate. Relative to the lithium industry the emissions are modest, with opportunities to make the Project best-in-class.**

A carbon footprint assessment of the integrated Phase 1 Project Definitive Feasibility Study (DFS) was completed by leading industry consultant GHD Pty Ltd (GHD). Scope 1 and 2 emissions intensity from the Abu Dhabi chemical conversion plant is 7.46t CO<sub>2</sub>-e/t lithium hydroxide, which GHD advised as being, "low compared with other emission intensities reported or derived from lithium hydroxide production facilities."

Upstream mining and mineral concentration at Karibib have an emissions intensity of 0.13t CO<sub>2</sub>-e/t concentrate (1.37t CO<sub>2</sub>-e/t lithium hydroxide), which is, "comparable with other similar lithium mine and concentrator projects."

While the DFS designs evaluated incorporate energy efficient technologies including waste heat recycling, Lepidico has since identified several new paths to substantially reducing implied CO<sub>2</sub> emissions. Together, these may reduce the impact to less than 3.0t CO<sub>2</sub>-e/t LCE.

The main source of Phase 1 greenhouse gas (GHG) emissions is the use of natural gas in the boiler. Opportunities are being evaluated to not just reduce natural gas consumption from DFS estimates but eliminate its use entirely.

While solar pre-heating of boiler feed water will incrementally reduce gas consumption, the greater prize is to futureproof the plant by installing a hydrogen-enabled or hydrogen-ready boiler. This will allow the decarbonisation of all process heat when burning green hydrogen.



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



According to international law firm Watson Farley & Williams, the United Arab Emirates is set to become a world leader in green hydrogen manufacture with the construction of several facilities already planned and underway. Examples of current projects include:

- **Siemens Energy:** has collaborated with DEWA - the state electricity and water company of Dubai - to build the first solar-driven electrolysis hydrogen facility in the Middle East. The project is designed to showcase the UAE's hydrogen potential at EXPO 2020 (taking place from October 2021) and will be used as a prototype for larger capacity facilities in the Middle East.
- **Masdar:** the renewable energy arm of the Abu Dhabi sovereign wealth fund has partnered with Siemens Energy, the Abu Dhabi Department of Energy, Etihad Airways, Lufthansa, Marubeni Corporation and the Abu Dhabi based Khalifa University to develop an electrolysis facility producing green hydrogen for the transport industry. The consortium will test green hydrogen for road transport, whilst constructing a kerosene synthesis plant to convert the majority of it into sustainable aviation fuel. The second phase of the programme will explore decarbonisation in maritime fuel.

These are ambitious projects and the calibre of partners that Dubai and Abu Dhabi are working with demonstrates their commitment to hydrogen and the potential of the hydrogen economy to the UAE.

At Karibib, the largest single Scope 1 emission is associated with diesel fuel usage, of which 28% will be consumed by trucks hauling ore and mine waste. Electrification of this small truck fleet is envisaged via equipment lease once suitable units become available.

Grid power supplied at Karibib already includes a significant renewable component with more projects planned in the coming years. By 2025 it is estimated that 80% of power will be generated from renewable sources. The UAE is also committed to progressively decarbonising its grid with 25% of non-fossil fuel supply planned by 2023. This is when Lepidico's Phase 1 plant is scheduled to commission.

To fast-track material reductions in Scope 2 emissions, off-grid renewable power solutions are being evaluated. The relatively modest power requirements at both the Karibib and KIZAD sites allow modest footprint modular concentrated solar power generation to be considered, augmented by a single wind turbine. Evaluation of this configuration has started for both operating sites.

### Integrated Phase 1 DFS Scope 1 & 2 emissions and reduction opportunities

Source	DFS		Opportunity		Comment
	Scope 1	Scope 2	Scope 1	Scope 2	
Diesel: mine haulage	1,589		0		Electric mine haulage trucks
Diesel: other	4,075		4,075		Part electrification of mobile/fixed plant to be assessed
Wastewater treatment	20		20		To be assessed
Grid power		2,273		0	Off-grid modular concentrated solar power
Karibib sub-total	5,684	2,273	4,095	0	Intensity: 0.7t CO <sub>2</sub> -e/t LCE
Natural gas (heat)	31,292		0		Green hydrogen enabled boiler with solar pre-heat
Process CO <sub>2</sub>	13,281		13,281		Potential to reduce if lithium carbonate produced
Diesel	698		698		Part electrification of mobile plant to be assessed
Grid Power		7,419		0	Off-grid modular concentrated solar power
UAE sub-total	45,271	7,419	13,979	0	Intensity 2.3t CO <sub>2</sub> -e/t LCE
<b>Total</b>	<b>50,955</b>	<b>9,692</b>	<b>18,074</b>	<b>0</b>	<b>Intensity 3.0t CO<sub>2</sub>-e/t LCE</b>

Source: GHD and Lepidico estimates

# SUSTAINABILITY

Emissions through the entire lithium hydroxide monohydrate production supply chain were assessed by GHD based on a literature review. It sourced data for South American brine production, Australian spodumene processed in China and other integrated international lithium hydroxide refineries.

Lepidico data in the chart below is for the integrated Phase 1 Project at steady state operation. It includes our initial CO<sub>2</sub> reduction target of 2.0t CO<sub>2</sub>-e/t, based on a greater proportion of power being sourced from non-greenhouse gas generating sources and solar pre-heating of boiler water to reduce natural gas consumption.

Further reduction targets will be set once there is greater clarity on the availability of green hydrogen in the UAE and once off-grid renewable power alternatives have been assessed.

**Figure below: CO<sub>2</sub> intensity comparison for lithium hydroxide production tCO<sub>2</sub>-e/t lithium hydroxide**



Source: GHD data

Preliminary Scope 3 emissions estimates for transport of concentrate from Namibia to UAE and transport of products and by-products are only 6,732 and 2,507t CO<sub>2</sub>-e respectively.

The **L-Max**<sup>®</sup> process will produce valuable by-products including caesium sulphate, rubidium sulphate, amorphous silica, sulphate of potash and potentially gypsum. The estimated potential emissions savings are approximately 34,009t CO<sub>2</sub>-e per year. This would offset a material proportion of envisaged overall annual Scope 3 inventory emissions.

Emission savings relating to use of caesium and rubidium compounds have not been quantified. However, some key uses of caesium sulphate demonstrate benefits of reducing energy consumption and enhancing productivity thereby reducing net emissions.

Scope 3 emissions will be fully assessed once operations commence, when individual supplier and customer details including the associated logistics are known.

At its pre-development stage, Lepidico's carbon emissions are largely associated with air travel and exploration activities, predominantly drilling. In fiscal 2021 no air travel occurred. The amount of drilling was negligible as the June 2021 drill program was suspended due to COVID-19. This will be included in 2022 data instead. In fiscal 2020 Lepidico generated an estimated 501 tonnes of CO<sub>2</sub> compared with 285 tonnes and 234 tonnes in the previous two years respectively.

## Water Management

### Summary:

**The impact on water availability at Karibib is projected to be zero, with ongoing monitoring to confirm this. While the Abu Dhabi plant will consume more water, any future use of green hydrogen would produce water, thereby reducing consumption.**

Over the first four years of manufacture of all products total water consumption for the integrated operations is estimated in the DFS to be 415,000m<sup>3</sup> annually.

Less than 20% of this total, 80,000m<sup>3</sup>, will be used at Karibib initially, where approximately 85% of the concentrator water requirement is recycled via filtration of both concentrate product and tailings. Water is lost to evaporation, seepage, and concentrate and tailings filter cakes.

Water at Karibib is sourced from four in-ground bores, three of which are located 3.5km from Rubicon and are equipped with submersible pumps, powered by dedicated solar arrays.

Lepidico's water permit was granted in 2017 and allows for 210,000m<sup>3</sup> to be extracted annually. This allows for future expansion. Groundwater modelling indicates that natural meteoric recharge should more than replace the maximum capacity contemplated under the permit. Ongoing aquifer monitoring will be employed to confirm this.

Chemical conversion in Abu Dhabi is estimated to consume 315,000m<sup>3</sup> of water annually, nett of recycling. Evaporative losses attributed to evaporators, crystallisers, dryers, cooling system and residue streams are significant and therefore apportioned back to the individual products where these unit processes are employed.

The balance of the nett water consumed is associated with common services which are apportioned to each product based on revenue contribution. Karibib consumption is also allocated according to revenue.

Raw water at KIZAD is mainly produced by desalination, most of which is powered by waste heat from gas fired power stations. The balance of water consumed in the UAE is sourced from dams and water harvesting.

Employing green hydrogen to fuel the boiler will produce water that would be reclaimed for use in the plant, thereby reducing consumption.

**Table below: Integrated operations water consumption product allocation**

	Consumption %	Consumption rate M <sup>3</sup> /t LCE
Lithium hydroxide	44	33
Rubidium sulphate	32	24
SOP	10	8
Gypsum	5	4
Amorphous silica	5	4
Caesium sulphate	4	3

## Land Use, Waste Management and Biodiversity

### Summary:

Environmental land use impacts are predominantly limited to the Namibian operations. Lepidico's closure plan will correct previous environmental remediation shortcomings, returning the land to agricultural use and making material improvements to the environment.

Karibib was mined at various times during the 20th century, largely for petalite. As such, it represents a brownfield development.

Although no closure of these industrial sites has been undertaken previously, Lepidico's plans include formal mine closure - with the aim of rectifying environmental legacy issues and returning the land to agricultural use. Phase 1 activities at Karibib are confined to an area of 962 hectares within the 69km<sup>2</sup> mining lease (ML 204). Within this, the areas for actual development will be far smaller with the majority of the footprint allocated to ground previously disturbed by historical mining activities.

The mining lease is sparsely populated with no permanent dwellings within the planned Phase 1 area.

An ESIA and ESMP for the Karibib Operations were completed in July 2020 by Risk-Based Solutions CC, a leading Namibian environmental consultancy. It was authored by Dr Sindila Mwiya, who has undertaken more than 200 environmental projects for Namibian, Continental African and International clients.

The ESIA and ESMP conclusions were that our plans 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.



# SUSTAINABILITY

Importantly, Karibib is designated by the ESIA author as a Category B Project, which is unusual for a mining operation as this is the definition:

*“Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.”*

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

Karibib operations do not require a dedicated tailings storage facility. Tailings from the concentrator will be dewatered and co-disposed with mine waste rock thereby filling the natural voids. Both tailings and waste have been assessed as environmentally benign, and there is no requirement for lining the waste management areas.

The Phase 1 chemical plant site is just 57,000m<sup>2</sup> and is located within an industrial free zone, which allows full foreign ownership as well as tax exemptions on imports and exports. Off-site infrastructure is supplied through a land lease agreement with Abu Dhabi Ports, which manages KIZAD, and includes direct connection to existing infrastructure; natural gas, 11kV power, potable water, and sewer services, roads, and drainage. The KIZAD container port where concentrate from Walvis Bay, Namibia will be imported is 15km by road from the plant site.

An ESIA was also completed for the chemical plant in 2021 which accords with the Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.



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



## SOCIAL RESPONSIBILITY

### Workforce Health & Safety

Lepidico is committed to the health, safety and wellness of its workforce and has achieved zero harm performance at its controlled sites since data collection began in August 2016, with 117,958 work hours now recorded.

Lost Time Injury Frequency Rate (LTIFR), Days Away from work, job Restrictions, and/or job Transfers Frequency Rate (DARTFR) and Total Recordable Incidents Frequency Rate (TRIFR) all continue to be zero.

In March 2020 new protocols were introduced in order to protect the workforce from COVID-19 while at work. These initiatives included education on the virus and how to mitigate its spread. All employees were encouraged to transfer this knowledge within their family networks and home communities.

Two cases of COVID-19 were reported amongst staff in Namibia off-site and subsequently four cases were identified on-site. All cases had mild symptoms with our colleagues making a swift and full recovery. These incidents led to the temporary closure of the Karibib camp and suspension of site operations in June 2021. The camp was subsequently fumigated and cleaned, and further precautionary protocols introduced. Operations resumed mid-July.

### Community Engagement, Empowerment & Investment

Lepidico conducted its first Socio-Economic Baseline Study in March 2020, focused on the communities in the broader Karibib region. This revealed three broad categories of support in need of prioritisation:

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

Based on several stakeholders' meetings and the Socio-Economic Baseline assessments, five key objectives were developed where Lepidico can add the greatest value in its support of local communities:

1. Reaching compliance: taking a systemic and strategic approach towards sustainability to do no harm and stop making tomorrow's legacies today.
2. Improved local governance to effectively deliver basic services and development.
3. Infrastructure development and support to improve the lives of Karibib, Otjimbingwe and Okongava farm residents.
4. Local economic development for business and job creation with a focus on agriculture, youth and women's projects.
5. Education development.

These objectives will be achieved through both shorter-term components of work, which started in 2021 and longer-term components that involve greater stakeholder participation and consultation in their scoping and implementation. Six projects have been outlined in consultation with local stakeholders for action in fiscal 2022, with a budget of US\$20,000.

In 2021, Lepidico Chemicals Namibia committed to donate medical equipment needed to fight COVID-19 valued at N\$70,000 to the Otjimbingwe Clinic through the Office of the Governor of the Erongo Region.

The Company also continued to supply water under its abstraction licence to local farmers for their livestock. In the longer term, Karibib operations are expected to provide significant benefit to the communities in the region through both direct and indirect employment. Lepidico expects to recruit 115 full time employees, many of whom will come from local communities, where the population is estimated to be approximately 5,000. Indirect employment is estimated to result in a further 800 jobs being created within the community.

### Corporate Governance

Lepidico continues to implement improvements to our Corporate Governance system as the company grows in complexity to meet our development needs. The Diversity Committee, established in 2020, reviewed its progress against the FY2021 measurable objectives and set new objectives for FY2022. We continued to benchmark and track gender diversity against our peers and remain committed to providing flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of our employees. In addition, all job descriptions and job titles are gender neutral and inclusive.

# SUSTAINABILITY

The proportion of women employed by Lepidico as at 30 June 2021 is listed below:

Level	2021
Non-Executive Directors	33%
Senior Executive Positions (including Executive Director) <sup>1</sup>	25%
Management	0%
Non-Management	67%
All Employees <sup>2</sup>	33%

<sup>1</sup> "Senior Executive" for the purpose of gender representation is defined to mean the Managing Director and his direct reports.

<sup>2</sup> Includes full-time, part-time and regular casual employees.

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

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

## Sustainability Policy and Risk

The Company takes a "top-down" approach, with a developed corporate risk register including a residual risk rating for all implemented actions and controls. The register covers corporate, exploration, technical evaluation and project implementations. Entries are based on the critical tasks identified in the Company's Strategic Plan and ranked by residual risk rating.

The document is reviewed annually, whilst major risks and management plans are reviewed at Board meetings. The major risks that the company manages include; ongoing financing for project development, securing offtake contracts for products and project implementation risks.

## Shareholder Engagement

In 2021 Lepidico extended its relationship with Edison Group to cover investor relations with a focus on digital engagement including social media, complemented by their existing equity research. The team has already begun to help optimise Lepidico's investment case. The next steps will be to create new content and reach a greatly expanded universe of investors - both professional and private - with a goal of maximising shareholder value. The executive management team regularly engage with

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

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

## Intellectual Property

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

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

The national phase patent applications are progressing in relation to **S-Max**<sup>®</sup> 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.

## The Nature of our Markets

Markets for lithium chemicals, SOP and supplementary cementitious materials such as amorphous silica have scale and are generally considered to be free markets.

The caesium and rubidium markets by contrast are small and opaque with production concentrated amongst just two sizable producers globally. It is understood that by 2022 one of these chemical manufacturers will cease production following depletion of its sole source of primary mineral feed.

Caesium, rubidium, lithium chemicals and SOP (fertiliser) are all on the U.S. Government list of 35 Critical Minerals. Caesium and rubidium are a subset of 14 for which the U.S. is 100% reliant on imports. Caesium and rubidium are also a subset of just three Critical Minerals, which include rare earths, where the markets are sufficiently concentrated that they are effectively controlled by a single nation.

Lepidico aims to bring new sustainable and ethical sources of caesium and rubidium chemicals to these markets.

## SUSTAINABILITY REPORTING

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

Lepidico is committed to developing a sustainable lithium business providing high quality products whilst minimising environmental and social impacts, with a particular focus on climate and biosphere stewardship.

Building sustainability into our systems, values, management practices, behaviours and governance arrangements within a rapidly changing and challenging global environment is embedded within our approach to strategic planning.

We have also embraced the opportunity to integrate social, economic, environmental, and health and safety best practices into project design criteria, while minimising business risks. This is evidenced by ESAs being aligned with the Equator Principles and IFC Performance Standards, when prevailing local regulatory requirements are far less stringent.

Once the business transitions, detailed sustainability performance data metrics will be captured from our operations and contractors. Accordingly, we believe the appropriate timing for full sustainability disclosure will be the year following the commissioning of the Phase 1 Project, currently scheduled to start in late calendar 2022.

Our understanding of the material issues for each business unit have become clearer with the completion of the DFS and will continue to do so as we progress regulatory approval processes and gain input from our stakeholders, especially as their expectations for the management of issues evolves and becomes more complex. Our goal is to be able to report our future activities against the Global Reporting Initiative (GRI) Standards and in the intervening years our systems will evolve to collect the necessary data.

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

In 2021, Lepidico further developed its operating management systems. Internal goals focus on governance, occupational health and safety, the environment and meeting project milestones. Both the exploration and project development groups report against these indicators and a summary is tabulated opposite.

In fiscal 2021 Lepidico committed to the IRMA for independent third-party verification and certification on social and environmental performance standards. Actions under this will be able to start once operations commence.

# SUSTAINABILITY

## Summary

Goal	Outcome	Comments
Governance	Compliance	In compliance as per ASX statement
Mining & Exploration licenses	Compliance	In compliance as per license conditions in Namibia
Occupational Health & Safety		
Zero Fatalities	Yes	No Fatalities.
Zero Lost Time Incidents	Yes	No LTIs.
Zero Medical Aid Incidents	Yes	No MAIs.
OHS Management System	Established	OHS Policy and OHS Management Plan.
Environment		
Zero Major Incidents	Yes	No major spills or incidents at managed sites.
Environmental Management System	Yes	Sustainable Development Policy in place.
Environmental Baseline Studies	Complete	ESIAs completed for Karibib operations and Abu Dhabi chemical plant to IFC Environmental & Social Standards.
	Ongoing	ESMP completed for Karibib operations including closure plan with Category B designation.
	Ongoing	Independent greenhouse gas assessment completed for Scope 1 & 2 emissions, Scope 3 pending start of operations.
Operational Studies & Readiness		
Waste minimisation	Ongoing	Implementation of filtered dry stacked tailings co-disposal with mine waste - no dedicated TSF required.
Renewable power studies	Ongoing	Hybrid renewable off-grid solutions being evaluated for Karibib and Abu Dhabi.
Green hydrogen study	Ongoing	H2 enabled boiler review & Abu Dhabi H2 supply study.
Social & Community		
Communities	Ongoing	Namibian Ministry of Lands and Reformation engaged to work together with Lepidico to develop a formal land use agreement. Community meetings to negotiate Cohabitation Agreement with the involvement of traditional owners and local farmers from the area.
Corporate Social Responsibility	Ongoing	CSR plan updated and social support programmes developed for FY2022.



# CORPORATE GOVERNANCE STATEMENT

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

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

This Statement was approved by the Board of Directors and is current as at 24 September 2021.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

- (a) the respective roles and responsibilities of its board and management; and**
- (b) those matters expressly reserved to the board and those delegated to management..**

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective Board and management functions and responsibilities. A copy of this Board Charter is available in the Corporate Governance section of the Company’s website at [www.lepidico.com](http://www.lepidico.com).

**ASX Recommendation 1.2: A listed entity should**

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and**
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

The Company has complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

**ASX Recommendation 1.5: A listed entity should:**

- (a) have and disclose a diversity policy;**
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and**
- (c) disclose in relation to each reporting period:**
  - (1) the measurable objectives set for that period to achieve gender diversity;**
  - (2) the entity’s progress towards achieving those objectives; and**
  - (3) either:**
    - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or**
    - (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.**

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

The Company has complied with this recommendation.

The Company has adopted a Diversity Policy which is available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

The table below sets out the measurable objectives for the 2021 financial year and provides details on the progress of the Company toward achieving them:

Objective	Results
Develop baseline gender diversity data for Namibia and the UAE as well as any other jurisdictions the Company is operating in.	Relevant national data sought for Namibia and UAE from the consultants engaged to complete the Environment and Social Impact Assessments for the Phase 1 Project.
Ensuring that recruitment is made from a diverse pool of qualified candidates. Where appropriate, a professional recruitment firm shall be engaged to select a diverse range of suitably qualified candidates.	No new staff members were recruited for in FY2021. This protocol is to be adhered to for all future recruitment.
To ensure that in the interview process for each Director and/or senior executive position there is at least an equal number of females on the interview panel.	No new Directors or senior executives were recruited during the 2021 financial year. This protocol is to be adhered to for all future recruitment.
Support community led programmes empowering women and ending discrimination.	Preparations for community programmes in the Karibib area, Namibia started in early 2020 but were suspended when COVID-19 related austerity measures were introduced in March 2020. A community survey was undertaken for the Karibib Project ESIA which provides a reference/baseline for developing future community programmes that empower women in the community

### **Gender Representation**

The proportion of women employed by the Company as at 30 June 2021 is listed below:

Level	2021	2020
Non-Executive Directors	33%	33%
Senior Executive Positions (including Executive Director) <sup>1</sup>	25%	25%
Management	0%	0%
Non-Management <sup>2</sup>	67%	50%
All Employees <sup>2</sup>	33%	33%

<sup>1</sup> "Senior Executive" for the purpose of gender representation is defined to mean the Managing Director and his direct reports.

<sup>2</sup> Includes full-time, part-time and regular casual employees.

**ASX Recommendation 1.6: A listed entity should:**

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Company has complied with this recommendation.

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

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

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

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

A performance review was undertaken for the reporting period.

**ASX Recommendation 1.7: A listed entity should:**

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Company has complied with this recommendation.

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

A performance review was undertaken for the reporting period.

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

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

- (a) have a nomination committee which:**
  - (1) has at least three members, a majority of whom are independent directors; and**
  - (2) chaired by an independent director;****and disclose:**
  - (3) the charter of the committee;**
  - (4) the members of the committee; and**

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

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

The Company has complied with this recommendation.

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

A copy of the Committee's Charter is available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

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

The Company has complied with this recommendation.

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

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



**ASX Recommendation 2.3: A listed entity should disclose:**

- (a) the names of the directors considered by the board to be independent directors;**
- (b) if a director has an interest, position or affiliation or relationship described in 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and**
- (c) provide details in relation to the length of service of each Director.**

The Company has complied with this recommendation.

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

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

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

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

Director	Independent	Date of Appointment	Length of Service <sup>1</sup>
Mr Gary Johnson	No	9 June 2016	5.1 years
Mr Julian (Joe) Walsh	No	22 September 2016	4.8 years
Mr Mark Rodda	Yes	22 August 2016	4.7 years
Ms Cynthia Thomas	Yes	10 January 2018	3.5 years

<sup>1</sup> Length of service is calculated to 30 June 2021

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

The Company has not complied with this recommendation.

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

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

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

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

The Company has not complied with this recommendation.

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

Mr Joe Walsh is Managing Director of the Company.

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

The Company has complied with this recommendation.

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

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

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

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

The Company has complied with this recommendation.

The Company's strategy, vision and values is reviewed annually and available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

**ASX Recommendation 3.2: A listed entity should:**

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.**

The Company has complied with this recommendation.

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

A copy of the Company's Code of Conduct is available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

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

**ASX Recommendation 3.3: A listed entity should:**

- (a) have and disclose a Whistleblower Policy; and**
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

The Company has complied with this recommendation.

The Company has a Whistleblower Policy and a copy is available in the corporate governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

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

**ASX Recommendation 3.4: A listed entity should:**

- (a) have and disclose an anti-bribery and corruption policy; and**
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

The Company has complied with this recommendation.

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

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

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

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

- (a) have an audit committee which:
- (1) has at least three members, all of whom are non-executive directors and a majority of which are independent directors; and
  - (2) is chaired by an independent director, who is not the chair of the board;  
and disclose:
    - (3) the charter of the committee,
    - (4) the relevant qualifications and experience of the members of the committee; and
    - (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

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

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

The Company has complied with this recommendation.

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

The Company has complied with this recommendation.

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



## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

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

The Company has complied with this recommendation.

A copy of the Continuous Disclosure Policy is available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

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

The Company has complied with this recommendation.

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

The Company has complied with this recommendation.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

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

The Company has complied with this recommendation.

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

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

The Company has complied with this recommendation.

The Company's Managing Director and Investor Relations Consultant are the Company's main contacts for investors and make themselves available to discuss the Company's activities when requested. In addition to announcements made in accordance with its continuous disclosure obligations, the Company, from time to time, prepares and releases general investor updates about the Company. During the financial year the Company engaged Edison Group to facilitate the Company's investor and public relations programs with a focus on electronic media communication

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

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

The Company has complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

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

Given the potential health risks and government restrictions in response to the coronavirus pandemic, Lepidico will implement various measures to facilitate shareholder participation at the 2021 AGM, which will include a live webcast. All resolutions will effectively be decided by a poll, allowing all shareholders to vote based on the number of securities held by them. Voting on a poll also allows shareholders to register their vote regardless of whether they attend the meeting or not. Further details about how shareholders can participate at the 2021 AGM will be provided in the 2021 Notice of Meeting.

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

The Company has complied with this recommendation.

Lepidico has a dedicated email address to handle shareholder communications.

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

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

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

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

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director;**

**and disclose:**

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

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

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

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

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

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

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

The Company has complied with this recommendation.

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

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

**ASX Recommendation 7.3: A listed entity should disclose:**

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

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

The Company has complied with this recommendation.

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



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

The Company has complied with this recommendation.

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

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

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

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

The operations and proposed activities of the Company are subject to International, Federal and State laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. Environmental and Social Management plans were completed in FY2021 for all planned operations which meet International Finance Corporation and Equator Principal standards.

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

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

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

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

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

**(a) have a remuneration committee which:**

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director;**

**and disclose:**

- (3) the charter of the committee,**
  - (4) the members of the committee and**
  - (5) as at each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

The Company has complied with this recommendation.

A copy of the Remuneration and Nomination Committee Charter is available in the Corporate Governance section of the Company's website at [www.lepidico.com](http://www.lepidico.com).

The members of the Committee, the number of meetings held during 2021 and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual Report.

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

The Company has complied with this recommendation.

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

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

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

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

The Company has complied with this recommendation.

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

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# DIRECTORS' REPORT

The Directors of Lepidico Ltd (Directors) present their report on the Consolidated Entity consisting of Lepidico Ltd (the Company or Lepidico) and the entities it controlled at the end of, or during, the year ended 30 June 2021 (Consolidated Entity or Group).

## DIRECTORS

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

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

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

## CURRENT DIRECTORS

### Mr Gary Johnson - Chair (Non-executive)

Qualifications - MAusIMM, MTMS, MAICD

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

Special responsibilities:

Member of Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Other Current Directorships of listed public companies:

Director of Antipa Minerals Ltd (ASX listed)

Director of St-Georges Platinum and Base Metals Ltd (CSE listed Company)

Former Directorships of listed public companies in the last 3 years:

None

### Mr Julian "Joe" Walsh - Managing Director (Executive)

Qualifications - BEng, MSc

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

Special responsibilities:

Member of the Diversity Committee

Other Current Directorships of listed public companies:

None

Former Directorships of listed public companies in the last 3 years:

None

**Mr Mark Rodda - Non-Executive Director**

Qualifications - BA, LLB

Mr Rodda is a lawyer and consultant with over 24 years' private practice, in-house legal, company secretarial and corporate experience. Mr Rodda has considerable practical experience in the management of local and international mergers and acquisitions, divestments, exploration and project joint ventures, strategic alliances, corporate and project financing transactions and corporate restructuring initiatives. Mark currently manages Napier Capital Pty Ltd, a business established in 2008 to provide clients with specialist corporate services and assistance with transactional or strategic projects. Prior to its 2007 takeover by Norilsk Nickel for in excess of \$+6 billion, Mark held the position of General Counsel and Corporate Secretary for LionOre Mining International Ltd, a company with operations in Australia and Africa and listings on the TSX, LSE and ASX.

Special responsibilities:

Chair of the Remuneration and Nomination Committee

Member of Audit and Risk Committee

Member of the Diversity Committee

Other Current Directorships of listed public companies:

Director of Antipa Minerals Ltd

Former Directorships of listed public companies in the last 3 years:

None

**Ms Cynthia Thomas - Non-Executive Director**

Qualifications - B.Com, MBA

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

Special responsibilities:

Chair of Audit and Risk Committee

Chair of the Diversity Committee

Member of the Remuneration and Nomination Committee

Other Current Directorships of listed public companies:

Executive Chair (Interim CEO and CFO) of Victory Nickel Inc. (CSE listed)

Former Directorships of listed public companies in the last 3 years:

None

**COMPANY SECRETARIES****Mr Alex Neuling**

Qualifications: BSc, FCA (ICAEW), FCIS

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

**Ms Shontel Norgate**

Qualifications: CA, AGIA ACIS

Ms Norgate is a Chartered Accountant with over 25 years' experience in the resources industry including debt and equity finance, financial reporting, project management, corporate governance, commercial negotiations and business analysis experience in finance and administration. Prior to joining Lepidico Shontel was CFO for ten years with TSX-listed resources company, Nautilus Minerals Inc. Prior to her appointment at Nautilus Minerals, Ms Norgate was Financial Controller with Macarthur Coal Ltd and Southern Pacific Petroleum NL, both listed on the ASX and commenced her career as an auditor with Price Waterhouse (now PricewaterhouseCoopers).

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2021, and the number of meetings attended by each director.

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

## INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF LEPIDICO

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

	Number of fully paid ordinary shares	Number of options
Mr Gary Johnson	370,618,485	28,433,188
Mr Joe Walsh	33,108,572	46,429,286
Mr Mark Rodda	-	22,500,000
Ms Cynthia Thomas	-	22,500,000
	403,727,057	119,862,474

## PRINCIPAL ACTIVITIES

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

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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

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



## DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2021, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

## SUMMARY REVIEW OF OPERATIONS

For the financial year ending 30 June 2021 the Group recorded a net profit after tax of \$282,556 (2020: net loss after tax \$10,118,237) and a net cash inflow from operations of \$1,036,610 (2020: net outflow \$4,676,482).

The net assets of the Group increased to \$74,949,679 at 30 June 2021 (2020: \$59,189,215).

## PHASE 1 PROJECT 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 including a separate ECC awarded for the overhead power transmission line following approval of the power line EIA by the regulator.

Lycopodium Minerals Pty (Lycopodium) was awarded the engineering, procurement and construction management (EPCM) contract for the Phase 1 concentrator at Karibib with early services commencing in May 2021 and FEED activities in June. Two long lead item equipment packages were awarded for tender, for the ball mill and thickener. Positive responses have been received from all tenderers, with equipment selection scheduled by September 2021. The control estimate for construction is on track to be finalised before end December 2021, confirming the project schedule and budget.

Knight Piésold started on the infrastructure engineering package in May 2021, which includes: access road upgrade, construction of on-site roads, Rubicon waste management area starter pad construction, site water management structures and bulk earthworks pads for the concentrator, non-process buildings and stockpile areas. The geotechnical investigation for the flotation plant has been completed, and the pad design finalised and handed over to Lycopodium.

A draft agreement is under negotiation with 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.

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.

Preparations have started for tender packages and contracts for Karibib bulk earthworks and power supply construction, with site works at Karibib scheduled to start early in 2022.

A considerable tonnage of high-grade in-situ lepidolite mineralisation is exposed at surface at Rubicon with negligible requirement for mining of waste. Ore mining is planned to start in December quarter 2022, ahead of concentrator commissioning.

### **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 entirely 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.

The chemical plant site (Figure 1) is approximately 57,000m<sup>2</sup> 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 Kalifa Industrial Zone Abu Dhabi – 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

During the year 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 KIZAD.

The Preliminary Economic Review (PER) for the Phase 1 chemical plant site within KIZAD was approved by the Environment Agency, EAD, and an environmental approval to construct awarded. 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. Both ESIA's have been made available to debt financiers.

Lycopodium was awarded the EPCM contract for the Phase 1 chemical plant, which employs Lepidico's proprietary processes technologies that include L-Max<sup>®</sup> and LOH-Max<sup>®</sup>. The selection of Lycopodium followed its successful completion of the engineering study for the Definitive Feasibility Study in May 2020.

Early services and FEED works commenced during the latter part of the year, with long lead equipment packages for the filters and crystallisers issued for tender. All tenderers have provided positive responses, with equipment selection on track by end November 2021. The control estimate for chemical plant construction is scheduled to be finalised during the December 2021 quarter.

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

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

### Greenhouse Gas Report

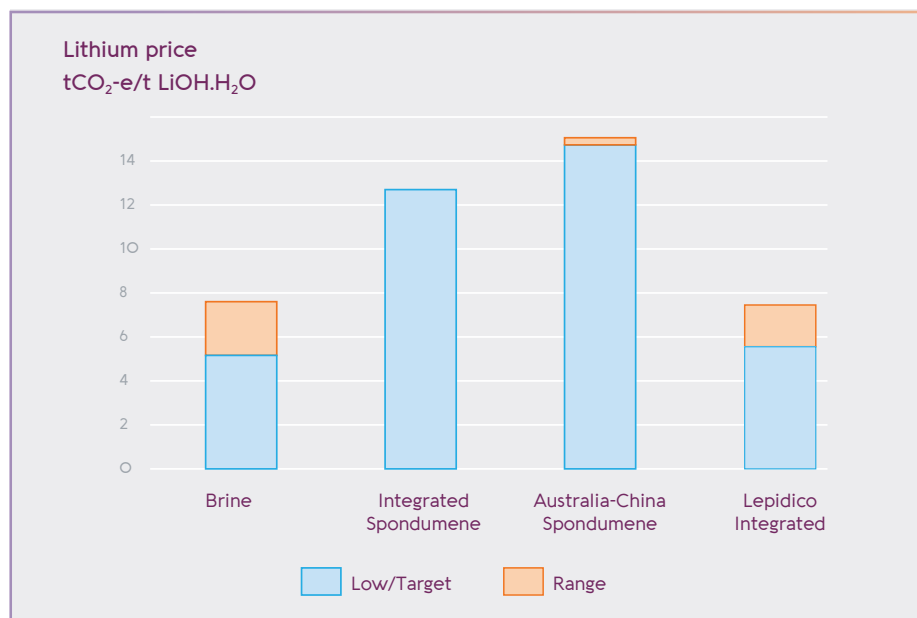
The Company received a carbon footprint assessment for the integrated Phase 1 Project from leading industry consultant GHD Pty Ltd (GHD). Scope 1 and 2 emissions<sup>1</sup> intensity associated with the Abu Dhabi Phase 1 chemical plant was just 7.46t CO<sub>2</sub>-e/t<sup>2</sup> lithium hydroxide, which GHD advised as being, "low compared with other emission intensities reported or derived from lithium hydroxide production facilities." Similar emissions associated with mining and the mineral concentrator gave an emissions intensity of 0.13 tCO<sub>2</sub>-e/t concentrate (1.37t CO<sub>2</sub>-e/t lithium hydroxide), which is, "comparable with other similar lithium mine and concentrator projects."

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

<sup>2</sup> Tonnes of carbon dioxide equivalent

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

**Figure 2:** CO<sub>2</sub> intensity comparison for lithium hydroxide production tCO<sub>2</sub>-e/t LiOH



Source: GHD data

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

### Product Marketing

Excellent progress was made during the year 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 60% plus of Phase 1 lithium chemical output. Lithium supply discussions are now being prioritised with three consumers.
2. Agency sales agreement: up to 40% of planned production from Phase 1 is expected to be available for sale 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 experienced chemical trading houses for supply across all industry segments that consume lithium chemicals.
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.

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

The caesium market is in just as dynamic a phase as lithium, with a substantial supply deficit on the near horizon as a major chemical producer ceases production due to upstream mineral feedstock depletion. This leaves the caesium and rubidium markets being supplied by a single size manufacturer. Lepidico's Phase 1 chemical plant is the only advanced stage source of new caesium and rubidium supply globally, which is scheduled to come on line at a time of substantial supply deficit.

A specialist consultant has been appointed to expand Lepidico's reach to caesium and rubidium chemicals consumers. The Company is now in meaningful discussions with four groups. Binding supply agreements are being targeted for the December quarter 2021.

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

Regional markets for the 13,000tpa of SOP, 35,000tpa of amorphous silica and approximately 70,000tpa of gypsum were evaluated in the year 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.

### **Phase 2 L-Max® Plant Scoping Study**

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

Walvis Bay in Namibia and Abu Dhabi will continue to be evaluated as prospective locations for a Phase 2 plant along with Europe. The Scoping Study contemplates a nominal output capacity of 20,000tpa lithium carbonate equivalent (LCE). Under the PIP 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.

## **RESEARCH & PRODUCT DEVELOPMENT**

Following more than a year of research and development work, Lepidico filed a provisional patent application for a process that involves the sequestration of CO<sub>2</sub> 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 CO<sub>2</sub> reticulation and gas spargers in specific process reactors. Approximately 0.6 tonnes of CO<sub>2</sub> 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. Completion of process design work 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.

### **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<sub>2</sub>O 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<sub>2</sub> 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 early in the year 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.

### **Third Party Programs**

Cornish Lithium (further detail under Corporate below) 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<sup>3</sup>**

### **Karibib Project (80%)**

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals, which the Namibian properties are prospective for, including lithium, caesium, rubidium, tantalum, gold, copper, tungsten and uranium.

Exploration during the year was hampered by local movement restrictions imposed in response to the COVID-19 pandemic. Exploration activities ramped up early in May 2021 as restrictions imposed in response to the COVID-19 pandemic were relaxed. However, COVID-19 cases in Namibia increased dramatically throughout June, necessitating temporary cessation of exploration activities and closure of the Karibib camp. The camp reopened mid-July and exploration activities resumed, including drilling.

### **Near Mine & Regional Exploration**

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

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

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

### **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 undertook a program of work during the year to augment existing data on these surface stocks to enable the classification of the first Mineral Resources under the JORC Code (2012).

<sup>3</sup> 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.

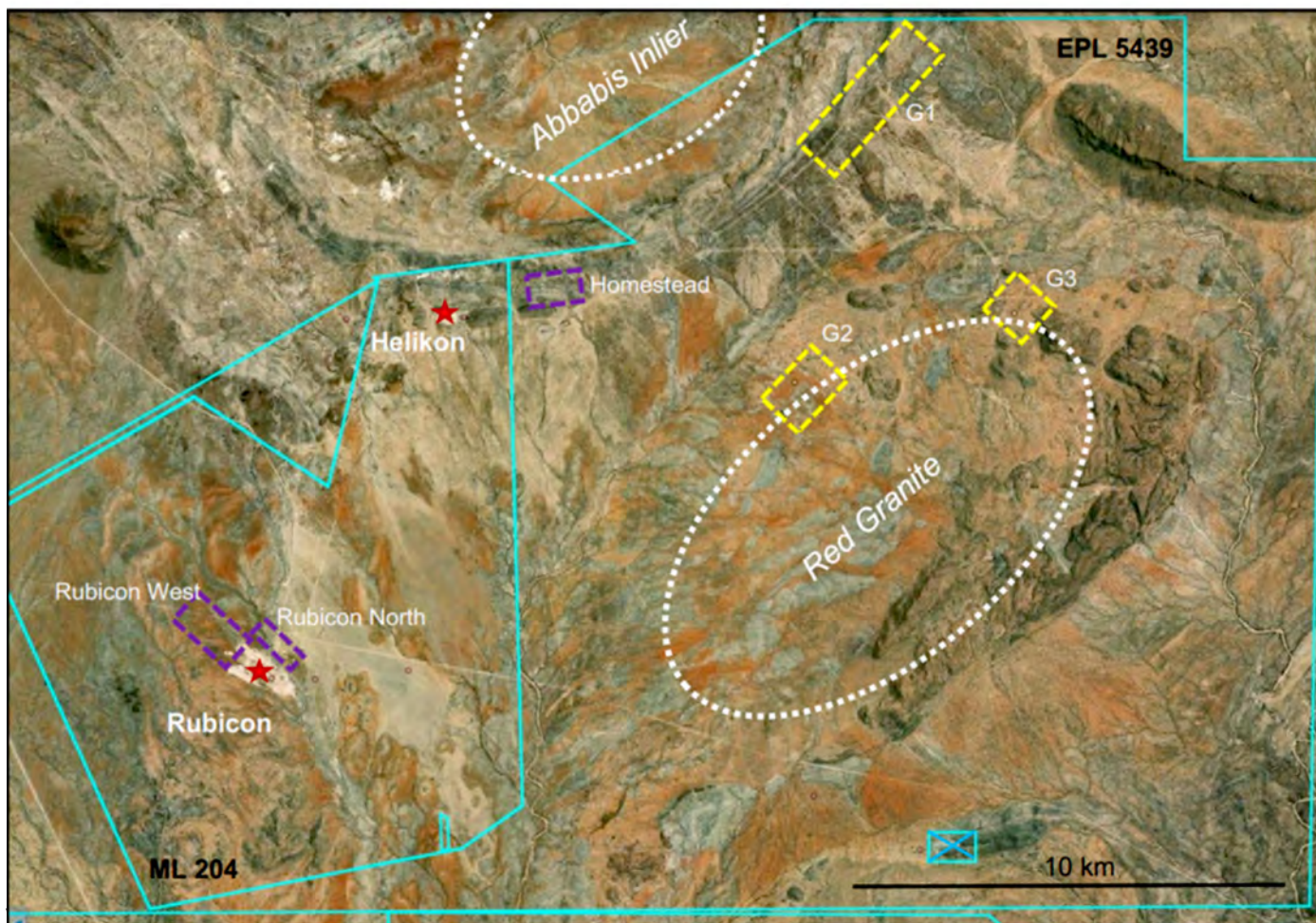


Figure 3. Karibib Project priority targets within ML 204 and EPL 5439. Drill ready LCT pegmatite targets (purple) and gold targets for geochemical survey (yellow).

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% Li<sub>2</sub>O (Table 1). Global Mineral Resources at Karibib now total 11.87 million tonnes grading 0.45% Li<sub>2</sub>O (Table 2).

**Table 1.** Summary of tailings and stockpile Resources at Karibib

Resource	Tonnes	Li <sub>2</sub> O %	Cs ppm	Rb %	Ta ppm	Li <sub>2</sub> O % cut-off	Classification
Rubicon tailings <sup>1</sup>	71 000	0.99	538	0.42	60	0.00	Indicated
Rubicon stockpiles <sup>2</sup>	369 000	0.86	411	0.28	56	0.00	Inferred
Rubicon historical dumps <sup>2</sup>	45 000	0.68					
Helikon stockpiles <sup>3</sup>	156,000	0.65	535	0.23	125	0.00	Inferred
<b>Total<sup>4</sup></b>	<b>641 000</b>	<b>0.81</b>					

<sup>1</sup> effective date 29 January 2021

<sup>2</sup> effective date 10 March 2021

<sup>3</sup> effective date 21 February 2021

<sup>4</sup> apparent 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 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 <sub>2</sub> O %	Rb %	Cs ppm	Ta ppm	K %	Cut-off % Li <sub>2</sub> 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
<b>Global</b>	<b>Measured</b>	<b>2.20</b>	<b>0.57</b>	<b>0.27</b>	<b>389</b>	<b>51</b>	<b>2.14</b>		<b>21.02.2021</b>
	<b>Indicated</b>	<b>6.73</b>	<b>0.39</b>	<b>0.21</b>	<b>277</b>	<b>42</b>			<b>29.01.2021</b>
	<b>Inferred</b>	<b>2.94</b>	<b>0.50</b>						<b>10.03.2021</b>
	<b>Total</b>	<b>11.87</b>	<b>0.45</b>						<b>10.03.2021</b>

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

<sup>4</sup> ASX Announcement, Karibib Mineral Resource expanded, 12 March 2021.



## CORPORATE

As at 30 June 2021, Lepidico had cash and cash equivalents of \$14.7 million.

## COVID-19

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 year, including suspension of all business travel, along with working from home and adherence to local safety protocols in the jurisdictions in which we operate. All staff in Canada and the UK are now fully immunised, which may allow limited business travel in 2022. There is only limited availability of vaccines in Namibia, however, some staff have managed to get vaccinated, with Lepidico looking to assist where possible.

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.

### **Entitlement Offer completed and significantly oversubscribed**

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

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

High demand, particularly from new institutional and professional investors resulted in subscriptions being substantially scaled back, with the Company agreeing to place a further 223,076,924 fully paid ordinary shares at \$0.013 with 111,538,462 attaching LPDOD options to raise an additional \$2,900,000 ("Placement"). The Placement was made using the Company's existing capacity under Listing Rule 71.

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

Mahe Capital advised the Company and acted as Lead Manager and Underwriter.

### **Utilisation of Controlled Placement Agreement**

In April 2021, 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.

### **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 operate the Karibib Project. A newly formed Namibian subsidiary, Lepidico Infrastructure Namibia (Pty) Ltd (LIN), has been created following third-party interest in direct investment in project infrastructure including the concentrator, 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.

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



### **LOH-Max® acquisition**

During the year, 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.

### **Strategic Collaboration with Cornish Lithium Ltd**

On 4 December 2020, the Company 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<sup>2</sup> 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 polyolithionite 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.

### **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 CLL, and the Company’s 2020 R&D tax credit.

### **Patents & Trademarks**

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

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

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

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

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## SUBSEQUENT EVENTS

Other than the matters discussed above there are no other matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

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

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS ON OPERATIONS

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

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

## INSURANCE AND INDEMNITY OF OFFICERS AND AUDITORS

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

## OPTIONS

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

Number	Exercise Price	Grant	Expiry
9,450,000	\$0.040	11 July 2019	25 October 2021
65,000,000	\$0.026	23 November 2018	22 November 2021
945,000	\$0.100	11 July 2019	31 March 2022
274,698,811	\$0.020	18 May 2020	18 May 2022
190,764,921	\$0.050	5 June 2019	5 June 2022
3,921,982	\$0.100	11 July 2019	21 June 2022
73,000,000	\$0.025	21 November 2019	21 November 2022
100,000,000	\$0.016	8 December 2020	8 December 2022
5,967,000	\$0.350	11 July 2019	26 February 2023
482,101,307	\$0.026	18 June 2021	18 June 2023
67,500,000	\$0.012	19 November 2020	19 November 2023
18,090,000	\$0.020	11 July 2019	14 January 2024
1,291,439,021			

## AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001(Cth)* for the year ended 30 June 2021 is included below in the Directors' Report.

The Auditor did not provide any non-audit services for the year ended 30 June 2021 (2020: \$Nil)

## REMUNERATION REPORT (AUDITED)

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

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

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

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

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

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

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

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

During the financial year, the Remuneration Committee reviewed the elements of KMP remuneration for the year commencing 1 July 2021 including comparative information relating to the KMP remuneration for the Company's peers and provided recommendations to the Board. The recommendations from the Remuneration Committee were approved by the Board.

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

#### *Non-Executive Directors*

Mr Gary Johnson	Non-executive Chair
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director

#### *Executive Director*

Mr Joe Walsh	Managing Director
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#### *Executives*

Ms Shontel Norgate	Chief Financial Officer and Joint Company Secretary
Mr Tom Dukovic	General Manager - Geology
Mr Peter Walker	General Manager - Projects
Mr Alex Neuling <sup>1</sup>	Joint Company Secretary

<sup>1</sup> Mr Neuling provides services as a the Joint Company Secretary through a services agreement with Erasmus Consulting (Erasmus).

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

## Non-Executive Director Remuneration

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

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

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

Base fees (annual) Non-Executive Chair	87,600
Other Non-Executive Directors	54,750
Chair of Audit & Governance /Nomination & Remuneration Committee	10,000
Member of Audit & Governance /Nomination & Remuneration Committee	10,000

On formation of the Diversity Committee it was resolved by the Committee members that the Committee would forgo any Fees and the decision would be reviewed once a final investment decision was reached by the Board.

Effective from 1 April 2020 the Board approved the deferment of payment of Directors Fees until austerity measures were lifted and the convertible note was repaid. Directors Fees were re-instated and fees outstanding were repaid in January 2021.

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

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

### *Retirement benefits*

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

### *Other benefits*

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

## Executive Director and Executive Remuneration

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

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

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

### *Fixed remuneration*

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

Effective from 1 April 2020 the senior Executives agreed to a 20% payment deferral of Fixed remuneration until austerity measures were lifted and the convertible note was repaid. Executive remuneration was re-instated in full and outstanding remuneration was repaid in January 2021.



### Short-term incentives (STIs)

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

During the year the Company achieved the key milestones relating to the development of the integrated Phase 1 Project with ESAs and permits and approvals in place for both the Karibib Project in Namibia and the Phase 1 chemical plant in Abu Dhabi. The Company furthered discussions with potential offtakers for all of its high value products and key supply contracts were well advanced. Lepidico entered into a strategic collaboration with Cornish Lithium Ltd including a Licence Agreement for its L-Max<sup>®</sup> and LOH-Max<sup>®</sup> technologies representing the Company's first operating revenue. The Company ensured the health and safety of its employees, particularly during the COVID-19 pandemic and successfully raised \$12.5 million in an Entitlement Offer to enable the Company to fund its development and growth opportunities.

For the year ended 30 June 2021, STIs of \$322,920.82 (including superannuation) were payable to KMP of the Company or Group (2020: \$Nil)

### Long term incentives (LTIs)

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

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

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

### Consequences of Performance on Shareholder Wealth

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

	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$
Net Profit/(Loss)	(5,357,243)	(7,219,713)	(5,105,014)	(10,118,237)	\$282,556
EPS	(0.003)	(0.003)	(0.002)	(0.002)	0.00006
Share price at 30 June	0.013	0.037	0.026	0.007	0.01

## B. Details Of Remuneration

### Amounts of remuneration

Details of the remuneration paid or payable to the directors and Key Management Personnel of the Group are set out in the following tables. Cash Salary and Fees for KMP in 2020 included deferred remuneration which was paid during the financial year ended 30 June 2021.

		Short-term Benefits				Post-employment benefits			Share-based payments	Total
		Cash Salary and Fees (Paid)	Cash Salary and Fees (Deferred)	Deferred Cash Salary and Fees (Paid)	Other (STI)	Retirement Benefits (Paid)	Retirement Benefits (Paid)	Deferred Retirement Benefits (Deferred)	Equity Options	
									Vested	
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>Non-Executive Directors</b>										
Mr Gary Johnson	2021	100,000	-	25,000	-	9,500	-	2,375	37,500	174,375
	2020	75,000	25,000	-	-	7,125	2,375	-	52,500	162,000
Mr Mark Rodda	2021	80,000	-	20,000	-	7,600	-	1,900	37,500	147,000
	2020	60,000	20,000	-	-	5,700	1,900	-	52,500	140,100
Mr Brian Talbot <sup>1</sup>	2021	-	-	-	-	-	-	-	-	-
	2020	37,500	-	-	-	3,562	-	-	52,500	93,562
Ms Cynthia Thomas	2021	87,600	-	21,900	-	-	-	-	37,500	147,000
	2020	65,700	21,900	-	-	-	-	-	52,500	140,100
<b>Executive Directors</b>										
Mr Joe Walsh <sup>2</sup>	2021	376,496	-	18,825	145,639	-	-	-	75,000	615,960
	2020	380,500	20,026	-	-	-	-	-	105,000	505,526
<b>Executives</b>										
Mr Tom Dukovcic	2021	208,478	-	9,406	48,410	19,805	-	894	50,000	336,993
	2020	178,721	9,406	-	-	16,979	894	-	70,000	276,000
Ms Shontel Norgate <sup>3</sup>	2021	263,547	-	13,177	63,755	-	-	-	50,000	390,479
	2020	266,351	14,018	-	-	-	-	-	70,000	350,369
Mr Peter Walker <sup>4</sup>	2021	248,587	-	17,750	59,718	-	-	-	50,000	376,055
	2020	316,982	18,414	-	-	-	-	-	-	335,396
Mr Alex Neuling <sup>5</sup>	2021	37,026	-	-	-	-	-	-	-	37,026
	2020	39,150	-	-	-	-	-	-	28,000	67,150
<b>Total Directors' and KMP remuneration</b>	<b>2021</b>	<b>1,401,734</b>	<b>-</b>	<b>126,058</b>	<b>317,522</b>	<b>36,905</b>	<b>-</b>	<b>5,169</b>	<b>337,500</b>	<b>2,224,888</b>
	<b>2020</b>	<b>1,419,904</b>	<b>128,764</b>	<b>-</b>	<b>-</b>	<b>33,366</b>	<b>5,169</b>	<b>-</b>	<b>483,000</b>	<b>2,070,203</b>

<sup>1</sup> Mr Talbot resigned as Non-Executive Director on 9 April 2020

<sup>2</sup> Mr Walsh is remunerated in Canadian dollars and his total salary paid was C\$378,525, including C\$18,025 paid as deferred remuneration (2020: C\$342,475 with C\$18,025 deferred). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.044372 (2020: C\$1.00 for every A\$1.111031).

<sup>3</sup> Ms Norgate is remunerated in Canadian dollars and her total salary paid was C\$264,968, including C\$12,617 paid as deferred remuneration (2020: C\$239,732 with C\$12,617 deferred). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.044372 (2020: C\$1.00 for every A\$1.111031).

<sup>4</sup> Mr Walker is remunerated in Great British pounds and his total salary paid was GBP£147,700, including GBP£9,800 paid as deferred remuneration (2020: GBP£168,700 with GBP£9,800 deferred). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of GBP£1.00 for every A\$1.80266 (2020: GBP£1.00 for every A\$1.878967)

<sup>5</sup> Mr Neuling provides services as the Joint Company Secretary through a services agreement with Erasmus Consulting Pty Ltd (Erasmus). During the year Erasmus was paid or is payable fees of \$37,026 (2020: \$39,150) for the provision of company secretarial services to the Group.

### Loans to Key Management Personnel

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

## Other Transactions with Key Management Personnel

	2021	2020
	\$	\$
Payments to director-related entities <sup>1</sup>	114,271	1,229,403

<sup>1</sup> Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were for development of L-Max® technology on an arm's length basis. As at 30 June 2021 invoices totalling \$Nil (2020: \$2,860) were payable.

### C. Service Agreements

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

Mr Joe Walsh, Managing Director (MD) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as MD and provides for an annual review of base remuneration taking into account performance. Mr Walsh's remuneration includes a salary of C\$360,500 per annum. Effective 1 April 2020, Mr Walsh deferred payment of 20% of his base salary until austerity measures were lifted and the convertible note was repaid. Remuneration was re-instated in full and outstanding remuneration was repaid in January 2021. Mr Walsh did not receive an increase to base salary during the reporting period; however an increase in base salary to C\$375,000 was awarded effective from 1 July 2021. A monetary bonus of C\$135,548 has been awarded for the financial year ended 30 June 2021 (2020: C\$Nil).

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

Mr Tom Dukovcic, GM - Geology (GMG) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as GMG and provides for an annual review of base remuneration taking into account performance. Mr Dukovcic's remuneration includes a salary of \$206,000 per annum inclusive of superannuation. Effective 1 April 2020, Mr Dukovcic deferred payment of 20% of his base salary until austerity measures were lifted and the convertible note was repaid. Remuneration was re-instated in full and outstanding remuneration was repaid in January 2021. Mr Dukovcic did not receive an increase to base salary during the reporting period; however an increase in base salary to \$240,000 inclusive of superannuation, was awarded effective from 1 July 2021. A monetary bonus of \$48,410.00 (inclusive of superannuation) has been awarded for the financial year ended 30 June 2021 (2020: \$Nil).

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

Ms Shontel Norgate, Chief Financial Officer (CFO) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as CFO and provides for an annual review of base remuneration taking into account performance. Ms Norgate's remuneration includes a salary of C\$252,500 per annum. Effective 1 April 2020, Ms Norgate deferred payment of 20% of her base salary until austerity measures were lifted and the convertible note was repaid. Remuneration was re-instated in full and outstanding remuneration was repaid in January 2021. Ms Norgate did not receive an increase to base salary during the reporting period; however an increase in base salary to C\$295,000 was awarded effective from 1 July 2021. A monetary bonus of C\$59,338 has been awarded for the financial year ended 30 June 2021 (2020: C\$Nil).

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

Mr Peter Walker, General Manager - Project Development (GMP) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as GMP and provides for an annual review of base remuneration taking into account performance. Mr Walker is employed on a casual basis based on the number of days worked and earned a salary of GBP137,900 for the financial year (2020: GBP178,500). Effective 1 April 2020, Mr Walker deferred payment of 20% of his base rate until austerity measures were lifted and the convertible note was repaid. Remuneration was re-instated in full and outstanding remuneration was repaid in January 2021. Mr Walker did not receive an increase to base rate during the reporting period; however an increase in his base rate to GBP860 per day was awarded effective from 1 July 2021. A monetary bonus of GBP32,407 has been awarded for the financial year ended 30 June 2021 (2020: C\$Nil).

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

## D. Share Based Compensation

### Share Holdings

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

2021	Balance at start of year	Purchased	Exercised Options	Sold	Other Net Change	Balance at end of year
<b>Non-Executive Directors</b>						
Mr Gary Johnson	367,762,575	2,855,910	-	-	-	370,618,485
Mr Mark Rodda	-	-	-	-	-	-
Ms Cynthia Thomas	-	-	-	-	-	-
<b>Executive Directors</b>						
Mr Joe Walsh	31,220,000	1,888,572	-	-	-	33,108,572
<b>Key Management</b>						
Mr Tom Dukovcic	6,602,958	-	-	-	-	6,602,958
Ms Shontel Norgate	5,564,022	-	-	-	-	5,564,022
Mr Peter Walker	-	-	-	-	-	-
Mr Alex Neuling	3,553,946	344,549	-	-	-	3,898,495
Total	414,703,501	5,089,031	-	-	-	419,792,532

### Option Holdings

2021	Balance at start of year	Granted during the year as remuneration	Purchased during year	Exercised/ Expired during year	Balance at end of year	* Vested and exercisable at end of year
<b>Non-Executive Directors</b>						
Mr Gary Johnson	31,352,379	7,500,000	1,427,955	(11,847,146)	28,433,188	28,433,188
Mr Mark Rodda	22,500,000	7,500,000	-	(7,500,000)	22,500,000	22,500,000
Ms Cynthia Thomas	15,000,000	7,500,000	-	-	22,500,000	22,500,000
<b>Executive Directors</b>						
Mr Joe Walsh	45,735,000	15,000,000	944,286	(15,250,000)	46,429,286	46,429,286
<b>Key Management</b>						
Mr Tom Dukovcic <sup>2</sup>	30,488,840	10,000,000	-	(10,205,556)	30,283,284	30,283,284
Ms Shontel Norgate	30,278,202	10,000,000	-	(10,000,000)	30,278,202	30,278,202
Mr Peter Walker	-	10,000,000	-	-	10,000,000	10,000,000
Mr Alex Neuling	4,000,000	-	171,757	-	4,171,757	4,171,757
Total	179,354,421	67,500,000	2,543,998	(54,802,702)	194,595,717	194,575,717

Details of the share options granted during the year as remuneration are disclosed in Note 18(d) as approved by shareholders at the Company's Annual General Meeting in November 2020.

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 24th day of September 2021





**Moore Australia Audit (WA)**

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

I declare that to the best of my knowledge and belief, for the year ended 30 June 2021 there has been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

**Neil Pace**  
Partner

**MOORE AUSTRALIA AUDIT (WA)**  
Chartered Accountants

Signed at Perth this 24th day of September 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

as at 30 June 2021

	Note	2021 \$	2020 \$
<b>Continuing Operations</b>			
Other income	4	4,137,670	63,558
Business development expenses		(376,399)	(432,830)
Administrative expenses	5	(1,318,832)	(2,821,926)
Employment benefits		(1,639,182)	(1,655,873)
Depreciation		(278,862)	(306,111)
Share based payments		(337,500)	(511,000)
Accretion expense		(434,122)	(901,639)
Impairment of property, plant and equipment		-	(2,026,267)
Exploration and evaluation expenditure expensed		(408)	(2,229,049)
Realised foreign exchange gain/(loss)		(63,248)	6,697
Loss before income tax		(310,883)	(10,814,440)
Income tax benefit/(expense)	6	593,439	696,203
<b>Profit/(Loss) from continuing operations after tax</b>		<b>282,556</b>	<b>(10,118,237)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		473,181	301,570
<b>Total comprehensive loss for the year</b>		<b>755,737</b>	<b>(9,816,667)</b>
<b>Comprehensive profit/(loss) for the year attributable to:</b>			
Owners of the parent		904,916	(9,373,811)
Non-controlling interest		(149,179)	(442,856)
		755,737	(9,816,667)
<b>Loss per share for the year attributable to the members of Lepidico Ltd</b>			
Basic and diluted profit/(loss) per share	8	0.00006	(0.002)

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	14,738,020	4,792,713
Trade and other receivables	10	243,786	1,766,863
<b>TOTAL CURRENT ASSETS</b>		14,981,806	6,559,576
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	10	71,489	72,829
Property, plant and equipment	11	1,669,081	1,903,630
Exploration and evaluation expenditure	12	43,986,682	42,725,634
Intangible asset	13	24,631,056	23,870,434
<b>TOTAL NON-CURRENT ASSETS</b>		70,358,308	68,572,527
<b>TOTAL ASSETS</b>		85,340,114	75,132,103
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	967,684	564,671
Short-term provisions	15	140,105	107,652
Liability component of convertible note	16	-	5,215,104
<b>TOTAL CURRENT LIABILITIES</b>		1,107,789	5,887,427
<b>NON-CURRENT LIABILITIES</b>			
Deferred Revenue	17	6,071,577	6,629,144
Deferred Tax Liability	6	3,211,069	3,426,317
<b>TOTAL NON-CURRENT LIABILITIES</b>		9,282,646	10,055,461
<b>TOTAL LIABILITIES</b>		10,390,435	15,942,888
<b>NET ASSETS</b>		<b>74,949,679</b>	<b>59,189,215</b>
<b>EQUITY</b>			
Issued capital	18	94,656,278	80,081,594
Reserves	19	6,610,944	5,707,720
Equity component of convertible note		990,000	990,000
Accumulated losses		(33,943,508)	(34,375,243)
Equity attributable to owners of the Parent		68,313,714	52,404,071
Non-controlling interests		6,635,965	6,785,144
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>74,949,679</b>	<b>59,189,215</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Year ended 30 June 2021

	Attributable to the owners of the Company										Total Equity \$
	Issued Capital \$	Options \$	Warrants \$	Foreign Currency \$	Equity component of convertible note \$	Accumulated Losses \$	Total	Controlling Interest \$	Non Controlling Interest \$	Total Equity \$	
Balance at 1 July 2019	59,430,846	3,782,750	-	75,918	-	(24,699,862)	38,589,652	-	-	<b>38,589,652</b>	
Business combination	16,159,044	716,347	415,135	-	990,000	-	18,280,526	7,228,000	-	<b>25,508,526</b>	
Loss for the year	-	-	-	-	-	(9,675,381)	(9,675,381)	(442,856)	-	<b>(10,118,237)</b>	
Other comprehensive loss	-	-	-	301,570	-	-	301,570	-	-	<b>301,570</b>	
Options issued	-	511,000	-	-	-	-	511,000	-	-	<b>511,000</b>	
Options exercised	75,000	-	-	-	-	-	75,000	-	-	<b>75,000</b>	
Fair value of options exercised	95,000	(95,000)	-	-	-	-	-	-	-	-	
Shares issued	4,321,704	-	-	-	-	-	4,321,704	-	-	<b>4,321,704</b>	
<b>Balance at 30 June 2020</b>	<b>80,081,594</b>	<b>4,915,097</b>	<b>415,135</b>	<b>377,488</b>	<b>990,000</b>	<b>(34,375,243)</b>	<b>52,404,071</b>	<b>6,785,144</b>	-	<b>59,189,215</b>	
Profit/(Loss) for the year	-	-	-	-	-	431,735	431,735	(149,179)	-	<b>282,556</b>	
Other comprehensive loss	-	-	-	473,181	-	-	473,181	-	-	<b>473,181</b>	
Options issued	-	448,673	-	-	-	-	448,673	-	-	<b>448,673</b>	
Options exercised	42,898	-	-	-	-	-	42,898	-	-	<b>42,898</b>	
Fair value of options exercised	18,630	(18,630)	-	-	-	-	-	-	-	-	
Shares issued	14,513,156	-	-	-	-	-	14,513,156	-	-	<b>14,513,156</b>	
<b>Balance at 30 June 2021</b>	<b>94,656,278</b>	<b>5,345,140</b>	<b>415,135</b>	<b>850,669</b>	<b>990,000</b>	<b>(33,943,508)</b>	<b>68,313,714</b>	<b>6,635,965</b>	-	<b>74,949,679</b>	

The accompanying notes form part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOW

For the Year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from technology licence holder		4,084,027	-
Receipts from government assistance programs		53,421	46,964
Payments to suppliers and employees		(3,101,056)	(4,740,040)
Interest received		222	16,594
Net cash provided by/(used in) operating activities	23	1,036,610	(4,676,482)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation activities		(998,874)	(4,923,732)
Payments for research and development activities		(692,844)	(2,351,349)
Proceeds from research and development tax credit		1,243,863	1,010,808
Payments for property, plant and equipment		(92,283)	(2,589)
Payments for acquisition of Bright Minz Pty Ltd		(10,000)	-
Cash acquired on acquisition of Desert Lion Energy Inc		-	416,113
Acquisition costs of Desert Lion Energy Inc		-	(1,185,134)
Net cash used in investing activities		(550,138)	(7,035,883)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares (net of costs)		14,595,619	3,447,716
Proceeds from exercise of options		111,394	75,000
Repayment of convertible note		(5,176,401)	-
Net cash provided by financing activities		9,530,612	3,522,716
Net increase/(decrease) in cash held		10,017,084	(8,189,649)
Cash at beginning of financial year		4,792,713	13,660,308
Effect of foreign exchange rate changes		(71,777)	(677,946)
<b>Cash at end of financial year</b>	9	<b>14,738,020</b>	<b>4,792,713</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies

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

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

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

### Basis of Preparation

#### *Reporting Basis and Conventions*

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

The financial statements were authorised for issue on 24th September 2021 by the Directors of the Company. The Directors have the power to amend and re-issue the financial report. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### *Accounting Policies*

##### (a) **Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The ability of the Group to continue as a going concern is dependent on the Company being able to continue to raise additional funds as required to meet ongoing exploration and development programs and working capital.

For the year ended 30 June 2021, the Group incurred a net profit after tax of \$282,556 and a net cash inflow from operations of \$1,036,610. As at 30 June 2021, the Company had net current assets of \$13,874,017.

The financial report has been prepared on a going concern basis which the Directors consider to be appropriate as they believe that the Group will be able to raise additional capital as required based on the successful outcome of previous Entitlement Offers including the most recent Entitlement Offer, where the Company raised \$12.5 million (before costs) during the ongoing COVID-19 pandemic. There remains ongoing interest in the Company and the long term outlook for the lithium industry remains robust.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies (continued)

### (b) Principles of Consolidation

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

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

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

### (c) Business Combinations

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

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

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

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

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

### (d) Goodwill

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies (continued)

### (e) Income Tax

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

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

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

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

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

### (f) Property, Plant and Equipment

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

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

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

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

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

#### **Depreciation**

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## for the Year ended 30 June 2021

### Note 1: Statement of Significant Accounting Policies (continued)

#### (g) Exploration and Development Expenditure

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

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

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

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

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

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

#### (h) Fair Value of Assets and Liabilities

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies (continued)

### (i) Financial Instruments

#### **Initial recognition and measurement**

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

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

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

#### **Classification and subsequent measurement**

##### *Financial liabilities*

Financial instruments are subsequently measured at:

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

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

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

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

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

A financial liability is held for trading if:

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

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

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

A financial liability cannot be reclassified.

##### *Financial assets*

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the Year ended 30 June 2021

### Note 1: Statement of Significant Accounting Policies (continued)

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

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

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

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

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

#### *Equity instruments*

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

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

#### *Derecognition*

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

#### *Derecognition of financial liabilities*

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

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

#### *Derecognition of financial assets*

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies (continued)

All of the following criteria need to be satisfied for derecognition of financial asset:

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

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

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

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

### *Impairment*

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

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

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

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

### *Recognition of expected credit losses in financial statements*

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies (continued)

### (j) Impairment of Assets

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

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

### (k) Foreign Currency Transactions and Balances

#### **Functional and presentation currency**

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

#### **Transaction and Balances**

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

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

#### **Group companies**

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

- (i) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- (ii) income and expenses are translated at average exchange rates for the period; and
- (iii) retained profits are translated at the exchange rates prevailing at the date of the transaction.

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

### (l) Employee Benefits

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

### (m) Provisions

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

### (n) Cash and Cash Equivalents

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



# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies (continued)

### (o) Revenue

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

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

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

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

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

### (p) Goods and Services Tax (GST)

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

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

### (q) Critical Accounting Estimates and Judgements

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

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

#### Key Sources of Estimation Uncertainty

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

#### (i) Recoverability of Exploration and Evaluation Expenditure

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

#### (ii) Recoverability of Intangible Asset (Development Expenditure)

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

#### (iii) Share based payment transactions

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 1: Statement of Significant Accounting Policies (continued)

### (r) Intangibles Assets – Intellectual Property Development Expenditure

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

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

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

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

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

None noted.

### (t) New Accounting Standards for Application in Future Periods

None noted.

### (u) Comparative Figures

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 2: Interests in other entities

### (a) Controlled entities

The Group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

	Country of Incorporation	Interest as at 30 June (%)		Principal Activity
		2021	2020	
<b>Parent Entity:</b>				
Lepidico Ltd	Australia			
<b>Subsidiaries of Lepidico Ltd:</b>				
Lepidico Holdings Pty Ltd	Australia	100	100	Lithium Exploration and Investment
Li Technology Pty Ltd	Australia	100	100	Holder of L-Max® Technology
Silica Technology Pty Ltd	Australia	100	100	Holder of S-Max® Technology
Bright Minz Pty Ltd	Australia	100	-	Holder of LOH-Max® Technology
Mica Exploration Pty Ltd	Australia	100	100	Lithium Exploration
Lepidico (Netherlands) Coöperatief U.A.	Netherlands	100	100	International Holding Company
Lepidico (Netherlands) B.V.	Netherlands	100	100	Global Marketing Company
Lepidico (UK) Ltd	United Kingdom	100	100	Management Company
Lepidico (Canada) Ltd	Canada	100	100	Dormant
Lepidico Holdings (Canada) Inc	Canada	100	100	Holding Company
Lepidico (Canada) Inc	Canada	100	100	Management Company
Lepidico (Mauritius) Ltd	Mauritius	100	100	Holding Company
Lepidico Chemicals Namibia (Pty) Ltd	Namibia	80	80	Exploration and Development Company
Lepidico Infrastructure Namibia (Pty) Ltd	Namibia	100	-	Developer of Phase 1 Concentrator
Lepidico Chemicals Manufacturing Ltd	UAE	100	-	Developer of Phase 1 Chemical Plant
Lepidico Chemicals Namibia (Pty) Ltd (formerly Desert Lion Energy (Pty) Ltd)	Namibia	80	-	Exploration and Development Company

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 2: Interests in other entities (continued)

#### (b) Non-controlling interests (NCI)

Set out below is summarised financial information for Lepidico Chemicals Namibia (Pty) Ltd (LCN), the subsidiary that has a non-controlling interest and is material to the group. The amounts disclosed for the subsidiary are in Australian dollars (A\$) before inter-company eliminations.

#### Summarised Balance Sheet

	2021 \$	2020 \$
Current assets	1,085,257	112,295
Current liabilities	(157,432)	(162,764)
<b>Current net assets/(liabilities)</b>	<b>927,825</b>	<b>(50,469)</b>
Non-current assets	17,903,304	18,274,825
Non-current liabilities	(8,925,977)	(8,174,335)
<b>Non-current net assets</b>	<b>8,977,327</b>	<b>10,100,490</b>
<b>Net assets</b>	<b>9,905,152</b>	<b>10,050,021</b>
<b>Accumulated NCI</b>	<b>6,635,965</b>	<b>6,785,144</b>

#### Summarised statement of comprehensive income

	2021 \$	2020 \$
Revenue	-	3,459,605
<b>Profit/(Loss) for the period</b>	<b>(745,897)</b>	<b>(2,214,280)</b>
Other comprehensive income	2,842,386	3,524,844
<b>Total comprehensive income</b>	<b>2,097,489</b>	<b>1,310,564</b>
Profit/(Loss) allocated to NCI	(149,179)	(442,856)

#### Summarised cashflows

	2021 \$	2020 \$
Cash flows from operating activities	(247,560)	(201,062)
Cash flows from investing activities	(654,186)	(3,292,016)
Cash flows from financing activities	1,796,229	3,783,421
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>894,483</b>	<b>290,343</b>

Under the the Shareholders' Agreement Term Sheet, Lepidico Ltd, has the discretion to either finance all expenditures of LCN and/or arrange for third party financing. LCN is currently funded via an interest bearing intercompany loan facility between the Company and LCN.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 3: 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<sup>®</sup> 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<sup>®</sup> 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 <sup>(i)</sup>	-
<b>Total Purchase Consideration</b>	<b>10,000</b>

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

	Fair Value \$
LOH-Max <sup>®</sup> Technology	10,000
<b>Net assets acquired</b>	<b>10,000</b>

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<sup>®</sup> 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<sup>®</sup> 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 4: Revenue

	2021 \$	2020 \$
Technology Licence Fees	4,084,027	-
<b>Income</b>	<b>4,084,027</b>	<b>-</b>
Interest	222	16,594
Government assistance programs	53,421	46,964
<b>Other Income</b>	<b>53,643</b>	<b>63,558</b>
<b>Total Revenue</b>	<b>4,137,670</b>	<b>63,558</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 5: Administrative Expenses

	2021 \$	2020 \$
Office & general	273,457	292,643
Professional services	628,844	657,918
Compliance related	416,531	487,945
Travel	-	248,175
	1,318,832	1,686,681

### Other Significant Administrative Expenses

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

Desert Lion Energy acquisition costs	-	1,135,245
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<b>Total Administrative Expenses</b>	<b>1,318,832</b>	<b>2,821,926</b>
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### Note 6: Income Tax Expense

	2021 \$	2020 \$
<b>(a)</b> The components of tax expense comprise:		
Current tax	-	-
Deferred tax	(593,439)	(696,203)
Losses recouped not previously recognised	-	-
Income tax expense/(benefit) reported in statement of comprehensive income	(593,439)	(696,203)
<b>(b)</b> The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2020:30%)	(93,264)	(3,110,847)
Add tax effect of:		
- Share based payments	101,250	153,300
- Foreign expenditure	48,973	283,840
- Deferred tax balances not recognised	(519,413)	3,014,827
- Intercompany loans written off	-	(1,309,956)
- Effect of change in tax rate	-	(609,565)
- Foreign tax rate differential	(44,508)	(52,215)
- Exploration expenditure written off	-	668,086
- Adjustments to income tax of previous years	431,909	297,970
- CGT Adjustments	(482,804)	-
- Other non-allowable items	(35,582)	(31,643)
Less tax effect of:		
- Deferred tax balances not recognised	-	-
- Losses recouped not previously recognised	-	-
Income tax expense/(benefit) reported in statement of comprehensive income	(593,439)	(696,203)

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

	2021 \$	2020 \$
<b>(c)</b> Deferred tax recognised:		
Deferred Tax Liabilities:		
Karibib assets	(3,211,069)	(3,426,317)
Exploration expenditure	(4,245)	(4,245)
Property, plant and equipment	(16,469)	
L-Max® Technology	(356,263)	(248,698)
L-Max® Pilot Plant	(725,102)	(723,772)
Other	(13,210)	(4,396)
Deferred Tax Assets:		
Carry forward revenue losses	1,115,289	981,111
Net deferred tax	(3,211,069)	(3,426,317)
<b>(d)</b> Unrecognised deferred tax assets:		
Carry forward revenue losses	9,472,874	9,257,874
Carry forward capital losses	-	293,087
Capital raising and other costs	279,785	382,736
L-Max Licence	21,826	21,826
Bright Minz acquisition	2,520	
Provision and accruals	24,397	32,745
	9,801,402	9,988,267

- (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:

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

### Note 7: Auditor's Remuneration

	2021 \$	2020 \$
Audit services	49,461	64,469

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 8: Earnings per Share

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

	2021 \$	2020 \$
Profit/(Loss) attributable to the ordinary equity holders of the Company	0.00006	(0.002)
	\$	\$
Profit/(Loss) from continuing operations	282,556	(10,118,237)
	No.	No.
Weighted average number of ordinary shares	5,218,441,770	4,567,787,554

### Note 9: Cash and Cash Equivalents

	2021 \$	2020 \$
Cash at bank and in hand	14,738,020	4,792,713

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

### Note 10: Trade and Other Receivables

	2021 \$	2020 \$
<b>Current</b>		
Prepaid expenses	66,063	354,073
R&D tax rebate receivable	24,519	1,194,000
Goods and services tax receivable	153,204	218,790
<b>Total Current Trade and Other Receivables</b>	<b>243,786</b>	<b>1,766,863</b>
<b>Non-Current</b>		
Cash backed guarantees	71,489	72,829
<b>Total Non-Current Trade and Other Receivables</b>	<b>71,489</b>	<b>72,829</b>
<b>Total Trade and Other Receivables</b>	<b>315,275</b>	<b>1,839,692</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 11: Property, Plant and Equipment

	Buildings & Infrastructure	Furniture, Fittings & Equipment	Motor Vehicles	Assets under Construction	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
<b>Balance at 30 June 2019</b>	-	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)
<b>Balance at 30 June 2020</b>	<b>1,741,511</b>	<b>266,067</b>	<b>215,359</b>	<b>2,392,807</b>	<b>4,615,744</b>
Additions	-	92,283	-	-	92,283
Disposals	-	(23,821)	-	-	(23,821)
Impact of foreign exchange	-	(543)	-	-	(543)
<b>Balance at 30 June 2021</b>	<b>1,741,511</b>	<b>333,986</b>	<b>215,359</b>	<b>2,392,807</b>	<b>4,683,663</b>
<b>Accumulated Depreciation</b>					
<b>Balance at 1 July 2019</b>	-	<b>50,330</b>	-	-	<b>50,330</b>
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
<b>Balance at 30 June 2020</b>	<b>130,510</b>	<b>124,843</b>	<b>63,954</b>	<b>2,392,807</b>	<b>2,712,114</b>
Depreciation	135,636	76,761	66,466	-	278,863
Disposals	-	(23,821)	-	-	(23,821)
Impact of foreign exchange	23,684	12,134	11,608	-	47,426
<b>Balance as at 30 June 2021</b>	<b>289,830</b>	<b>189,917</b>	<b>142,028</b>	<b>2,392,807</b>	<b>3,014,582</b>
<b>Net Book Value</b>					
At 30 June 2020	1,611,001	141,224	151,405	-	1,903,630
<b>At 30 June 2021</b>	<b>1,451,681</b>	<b>144,069</b>	<b>73,331</b>	<b>-</b>	<b>1,669,081</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 12: Exploration and Evaluation Expenditure

	2021 \$	2020 \$
Exploration expenditure	43,986,682	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.

	2021 \$	2020 \$
<b>Reconciliation of movements during the year:</b>		
Balance at the beginning of year	42,725,634	1,928,203
Exploration and evaluation assets acquired	-	40,521,647
Exploration and evaluation costs capitalised	1,054,639	2,504,833
Exploration and evaluation costs written off	(408)	(2,229,049)
Impact of foreign exchange	206,817	-
<b>Balance at the end of the year</b>	<b>43,986,682</b>	<b>42,725,634</b>

### Note 13: Intangible assets

	2021 \$	2020 \$
L-Max <sup>®</sup> Technology	24,055,934	23,354,178
S-Max <sup>®</sup> Technology	149,017	146,109
LOH-Max <sup>®</sup> Technology	426,105	370,147
Intangible assets	24,631,056	23,870,434

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

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

	2021 \$	2020 \$
<b>Reconciliation of movements during the year:</b>		
Balance at the beginning of year	23,870,434	22,925,130
Development costs capitalised	774,687	2,200,112
Technology acquired	10,000	-
Research and Development Tax Credit received/receivable	(24,519)	(1,254,808)
Impact of foreign exchange	454	-
<b>Balance at the end of the year</b>	<b>24,631,056</b>	<b>23,870,434</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 14: Trade and Other Payables

	2021 \$	2020 \$
<b>Current</b>		
Trade payables	503,334	262,347
Sundry payables and accrued expenses	464,350	302,324
<b>Total Current Trade and Other Payables</b>	<b>967,684</b>	<b>564,671</b>

### Note 15: Provisions

	2021 \$	2020 \$
<b>Current</b>		
Employee Provisions	140,105	107,652

	2021 \$	2020 \$
<b>Reconciliation of movements during the year:</b>		
Balance at the beginning of year	107,652	85,677
Provisions acquired	-	36,300
Additional provisions	91,198	102,044
Provisions used/paid out	(61,244)	(112,520)
Impact of foreign exchange	2,499	(3,849)
<b>Balance at the end of the year</b>	<b>140,105</b>	<b>107,652</b>

### Note 16: Convertible Note

	30 June 2021 \$	30 June 2020 \$
<b>Current</b>		
Liability component of convertible note	-	5,215,104

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

	30 June 2021 \$	30 June 2020 \$
<b>Reconciliation of movements during the year:</b>		
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)
<b>Balance at the end of the year</b>	<b>-</b>	<b>5,215,104</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 17: Deferred Revenue

Deferred revenue of \$6,071,577 (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.

	30 June 2021	30 June 2020
	\$	\$
<b>Reconciliation of movements during the year:</b>		
Balance at the beginning of the year	6,629,144	-
Deferred Revenue acquired	-	6,447,728
Impact of foreign exchange	(557,567)	181,416
<b>Balance at the end of the year</b>	<b>6,071,577</b>	<b>6,629,144</b>

### Note 18: Contributed Equity

#### a) Share capital

	2021		2020	
	Number	\$	Number	\$
Fully paid ordinary shares	6,152,082,446	100,447,338	5,185,735,038	84,926,182
Share Issue Costs		(5,791,060)		(4,844,588)
		94,656,278		80,081,594

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

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

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 18: Contributed Equity (continued)

#### a) Share capital (continued)

##### Movements in ordinary share capital

Description	Date	Number of shares	Issue Price	\$
Opening Balance	30 June 2020	5,185,735,038		80,081,594
Exercise of options	Various	2,144,794	0.02	42,896
Fair value of options exercised	29 January 2021	-	-	18,630
Exercise under CPA	20 April 2021	-	0.0218	2,925,000
Entitlement Offer	18 June 2021	964,202,614	0.013	12,534,633
Less: Share issue costs				(946,475)
Closing Balance		6,152,082,446		94,656,278

#### b) Share options

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

Number	Exercise Price	Grant	Expiry
9,450,000	\$0.040	11 July 2019	25 October 2021
65,000,000	\$0.026	23 November 2018	22 November 2021
945,000	\$0.100	11 July 2019	31 March 2022
274,698,811	\$0.020	18 May 2020	18 May 2022
190,764,921	\$0.050	5 June 2019	5 June 2022
3,921,982	\$0.100	11 July 2019	21 June 2022
73,000,000	\$0.025	21 November 2019	21 November 2022
100,000,000	\$0.016	8 December 2020	8 December 2022
5,967,000	\$0.350	11 July 2019	26 February 2023
482,101,307	\$0.026	18 June 2021	18 June 2023
67,500,000	\$0.012	19 November 2020	19 November 2023
18,090,000	\$0.020	11 July 2019	14 January 2024
1,291,439,021			

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

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 18: Contributed Equity (continued)

#### b) Share options (continued)

##### Movements in Options

	Number	Weighted Average Exercise Price \$
Balance at 30 June 2019	586,282,952	0.046
Granted	388,217,587	0.028
Exercised	(5,000,000)	0.015
Expired	(55,000,000)	0.025
Balance at 30 June 2020	914,500,539	0.040
Granted	649,601,307	0.023
Exercised	2,144,794	0.020
Expired	(270,518,031)	0.054
Balance at 30 June 2021	1,291,431,021	0.029

#### c) Warrants

As at reporting date, all warrants associated with the Desert Lion Energy Inc business combination had expired.

##### Movements in Warrants

	Number	Weighted Average Exercise Price
Balance at 30 June 2019	-	-
Recognised on acquisition	139,797,500	0.141
Expired	(36,013,820)	0.432
Balance at 30 June 2020	103,783,680	0.040
Expired	(103,783,680)	0.040
Balance at 30 June 2021	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## for the Year ended 30 June 2021

### Note 18: Contributed Equity (continued)

#### d) Share Based Payments

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

##### (i) 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 and were valued using Black Scholes with the following assumptions:

	Unlisted Options
Number of options in series	67,500,000
Grant date share price	\$0.008
Exercise price	\$0.012
Expected volatility	130%
Option life	3 years
Dividend yield	0.00%
Interest Rate	0.08%

##### (ii) 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 preceding the announcement of the strategic collaboration. The deemed purchase price of the Options under the Collaboration Agreement was C\$106,000 (A\$111,173).

#### e) Controlled Placement Agreement

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

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

During the year Lepidico 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 CPA. The Set-Off Shares had a deemed price of \$0.0218.

As at 30 June 2021 there were 96,000,000 Collateral Shares held by Acuity Capital which, if unused on the expiry date, are otherwise required to be returned to the Company upon termination of the CPA.



# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 19: Reserves

	2021 \$	2020 \$
Option Reserve	5,345,140	4,915,097
Warrant Reserve	415,135	415,135
Foreign Currency Translation Reserve	850,669	377,488
<b>Total Reserves</b>	<b>6,610,944</b>	<b>5,707,720</b>

### a) Option Reserve

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

	2021 \$	2020 \$
Opening Balance	4,915,097	3,782,750
Options issued on acquisition	-	716,347
Share based payments for the year	337,500	511,000
Options acquired during the year	111,173	-
Transfer of value on exercise of options	(18,630)	(95,000)
<b>Closing Balance</b>	<b>5,345,140</b>	<b>4,915,097</b>

### b) Warrant Reserve

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

	2021 \$	2020 \$
Opening Balance	415,135	-
Fair value of warrants recognised on acquisition	-	415,135
Transfer of value on exercise of warrants	-	-
<b>Closing Balance</b>	<b>415,135</b>	<b>415,135</b>

### c) Foreign Currency Translation Reserve

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

	2021 \$	2020 \$
Opening Balance	377,488	75,918
Movement during the year	473,181	301,570
<b>Closing Balance</b>	<b>850,669</b>	<b>377,488</b>

## Note 20: Contingent Liabilities and Contingent Assets

There are no contingent liabilities as at 30 June 2021.

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 21: Segment reporting

#### Reportable Segments

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

	Mineral Exploration	Technology	Corporate & Unallocated items	Total
	\$	\$	\$	\$
<b>(i) Segment performance</b>				
<b>Year ended 30 June 2021</b>				
Revenue	-	4,084,027	53,643	4,137,670
Profit/(Loss) before tax	(408)	3,671,830	(3,982,305)	(310,883)
<b>Year ended 30 June 2020</b>				
Revenue	-	-	63,558	63,558
Loss before tax	(4,267,014)	-	(6,547,426)	(10,814,440)
<b>(ii) Segment assets</b>				
As at 30 June 2021	45,607,272	24,655,575	15,077,267	85,340,114
As at 30 June 2020	44,498,939	25,064,434	5,568,730	75,132,103

#### Geographical Information

	Australia	Canada	Africa	UAE	Europe	Total
	\$	\$	\$	\$	\$	\$
<b>(i) Segment performance for the year ended:</b>						
<b>30 June 2021</b>						
Revenue	4,137,670	-	-	-	-	4,137,670
Profit/(Loss) before tax	2,173,607	(1,392,796)	(579,445)	(42,294)	(469,955)	(310,883)
<b>30 June 2020</b>						
Revenue	62,573	985	-	-	-	63,558
Profit/(Loss) before tax	(2,285,650)	(3,656,251)	(2,501,415)	(17,914)	(2,353,210)	(10,814,440)
<b>(ii) Segment assets</b>						
As at 30 June 2021	38,361,367	110,814	46,719,272	135,824	12,837	85,340,114
As at 30 June 2020	29,519,849	866,269	44,745,985	-	-	75,132,103

## NOTES TO THE FINANCIAL STATEMENTS

### for the Year ended 30 June 2021

#### Note 22: Commitments

##### Operating lease commitments

As at 30 June 2021, the Group does not have any operating leases.

##### Exploration lease commitments

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

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

	30 June 2021	30 June 2020
	\$	\$
Not later than one year	324,361	3,002,903
After one year but less than five years	484,450	1,828,297
	808,814	4,831,200

#### Note 23: Cash Flow Information

	2021	2020
	\$	\$
<b>Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Profit/(Loss) after income tax	282,556	(10,118,237)
Adjustments items not impacting cash flow used in operations:		
Depreciation and amortisation	278,862	306,111
Exploration expenditure written-off	408	2,229,049
Fair value of options issued	337,500	511,000
Share based payments	-	515,538
Desert Lion acquisition costs	-	1,135,245
Accretion expense	434,122	901,639
Realised FX (Gain)/Loss	63,248	-
Impairment of assets under construction	-	2,026,267
Income tax benefit	(593,439)	(696,203)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	27,284	(446,492)
Increase/(decrease) in trade and other payables	173,616	(1,062,374)
Increase/(decrease) in provisions	32,453	21,975
Cash flow used in operations	1,036,610	(4,676,482)

# NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

## Note 24: Related Party Transactions Key Management Personnel Remuneration

	2021	2020
	\$	\$
Cash salaries, fees and other short-term benefits	1,845,314	1,548,668
Post employment benefits	42,074	38,535
Share based payments	337,500	483,000
	<b>2,224,888</b>	<b>2,070,203</b>

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

## Payments to director-related parties

	2021	2020
	\$	\$
Payments to director-related entities <sup>(1)</sup>	126,164	1,229,403

<sup>(1)</sup> Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were in relation to the development of L-Max<sup>®</sup> technology on an arm's length basis. As at 30 June 2021 invoices totalling \$Nil are payable (2020: \$2,860).

## Note 25: Financial Risk Management

The Group has exposure to the following risks:

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

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

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

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

### (a) Credit Risk

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

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

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

	Note	2021	2020
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	9	14,738,020	4,792,713
Trade and other receivables	10	315,275	1,839,692
<b>Total financial assets</b>		<b>15,053,295</b>	<b>6,632,405</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### (b) Liquidity Risk

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

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

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

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

#### 30 June 2021

	Note	Carrying amount \$	Contractual cash outflows \$	Within 1 year \$	1-2 years \$	2-5 years \$
Trade & other payables	14	967,684	967,684	967,684	-	-
Deferred Revenue	17	6,071,577	-	-	-	-
<b>Total</b>		<b>7,039,261</b>	<b>967,684</b>	<b>967,684</b>	<b>-</b>	<b>-</b>

#### 30 June 2020

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

#### Assets pledged as security

Nil.

### (c) Market Risk

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



## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### (c) Market Risk (continued)

#### (i) Interest Rate Risk

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

		2021		2020	
		%	\$	%	\$
<b>Financial assets</b>					
Cash assets	Floating rate	0.01%	14,738,020	0.23%	4,792,713

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

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

	2021	2020
	\$	\$
<b>Change in Loss</b>		
Increase by 1%	45,970	56,159
Decrease by 1%	(222)	(16,979)
<b>Change in Equity</b>		
Increase by 1%	45,970	56,180
Decrease by 1%	(222)	(16,979)

### (c) Market Risk (continued)

#### (ii) Currency Risk

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

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

#### 30 June 2021

	NAD	CAD	USD	GBP	EUR
	\$	\$	\$	£	€
Cash and cash equivalents	11,135,440	75,412	18,915	54,448	-
Trade and other receivables	709,225	21,798	-	-	8,113
Trade and other payables	(2,553,288)	(210,977)	-	(34,507)	-
Deferred Revenue	-	-	(4,558,272)	-	-
<b>Net currency exposure</b>	<b>9,291,377</b>	<b>(113,767)</b>	<b>(4,539,357)</b>	<b>19,941</b>	<b>8,113</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### (c) Market Risk (continued)

#### (ii) Currency Risk (continued)

30 June 2020

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

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
1 USD:AUD	1.339942	1.491693	1.331991	1.453973
1 NAD:AUD	0.087141	0.095624	0.093103	0.083848
1 CAD:AUD	1.044372	1.111031	1.074449	1.056137

#### Sensitivity Analysis

The following table details the Group's sensitivity arising in respect of translation of its financial assets and financial liabilities to a 10% movement (2020: 10%) in the Australian dollar against the currencies where it has significant currency risk at the reporting date, with all other variables held constant.

	2021 \$	2020 \$
<b>NAD</b>		
If the NAD had strengthened against the AUD	110,277	11,682
If the NAD had weakened against the AUD	(110,277)	(11,682)
<b>CAD</b>		
If the CAD had strengthened against the AUD	(12,224)	(447,872)
If the CAD had weakened against the AUD	12,224	447,872
<b>USD</b>		
If the USD had strengthened against the AUD	(604,638)	(661,358)
If the USD had weakened against the AUD	604,638	661,358

#### (iii) Commodity Price Risk

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

#### (iv) Capital Management

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2021

### Note 26: Parent Entity Financial Information

	2021 \$	2020 \$
<b>Assets</b>		
Current assets	13,736,055	4,391,351
<b>Total assets</b>	<b>71,709,721</b>	<b>60,057,622</b>
<b>Liabilities</b>		
Current liabilities	461,223	325,310
<b>Total liabilities</b>	<b>461,223</b>	<b>325,310</b>
<b>Shareholders' Equity</b>		
Issued capital	127,098,312	112,523,626
Reserves	6,523,933	5,452,792
Accumulated Losses	(62,373,746)	(58,244,106)
<b>Total Shareholders' Equity</b>	<b>71,248,499</b>	<b>59,732,312</b>
<b>Result of the parent entity</b>		
Loss for the year	(4,129,640)	(8,228,712)
Other comprehensive loss	641,098	(611,572)
<b>Total comprehensive loss for the year</b>	<b>(3,488,542)</b>	<b>(8,840,284)</b>

**(b) Contractual commitments for the acquisition of property, plant and equipment**

As at 30 June 2021 the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

**(c) Guarantees and contingent liabilities**

As at 30 June 2021 the parent entity has no guarantees or contingent liabilities other than as disclosed in Note 20.

## DIRECTORS' DECLARATION

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

1. The financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the Corporations Act 2001, including:
  - a. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2021.
4. Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

A handwritten signature in black ink, appearing to read 'J. Walsh', is written over a light grey rectangular background.

**Joe Walsh**  
Managing Director

Dated this 24th day of September 2021

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

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of Lepidico Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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

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

#### Key Audit Matters

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Moore Australia Audit (WA) - ABN 16 874 357 907.

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## Key Audit Matters

### Carrying value of Exploration & Evaluation Expenditure and Intangible Assets

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

As at 30 June 2021 the Group had capitalised exploration and evaluation expenditure of \$43,986,682 and intangible assets with a carrying value of \$24,631,056.

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

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

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

Our procedures included, amongst others:

- Assessing the methodologies used by management to estimate recoverable amounts of the exploration and evaluation and technology assets, including challenging the methodologies used, testing the integrity of the information provided, and assessing the appropriateness of the key assumptions adopted based on our knowledge of the technology and industry.
- Reviewing minutes of Board meetings, ASX announcements, the latest professional technological and other reports for evidence of any impairment indicators or material adverse changes in relation to the technology asset since completion of the Pre-Feasibility Report and independent valuation report (included in the target's statement document) announced in 2017. There were no such indicators during the year.
- Testing expenditures and other additions to the technology and exploration-evaluation assets during the year on a sample basis against supporting documentation such as supplier invoices and cost agreements and ensuring such expenditures and additions are appropriately recorded in accordance with applicable accounting standards.
- Reviewing the Group's rights to tenure to its areas of interest and commitment to continue exploration and evaluation activities in these interests and ensuring capitalised expenditures relating to areas of interest which are being discontinued or no longer being budgeted for are appropriately impaired.
- Review of an updated JORC code (2012) compliant mineral resource estimate, completed in January 2020 by Snowden Mining industry Consultants Pty Ltd, in respect of ore reserves at Karibib, Namibia.
- Review of the vertically integrated Phase 1 Project Definitive Feasibility Study completed in May 2020, which is based on a commercial scale L-Max Plant, comprising an integrated mine, concentrator and chemical conversion plant development
- Compared the Group's market capitalisation as at 30 June 2021 (\$74 million) to its net asset position (\$74.9 million), noting that the market capitalisation at balance date approximated net assets. Market capitalisation below net assets is an indicator of possible impairment, thereby requiring further consideration.
- Assessing the appropriateness of the relevant disclosures in the financial statements.

## Key Audit Matters (continued)

### Related Party Transactions & Share Based Payments to Key Management Personnel

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

During the year ended 30 June 2021, the Group transacted with Key Management Personnel and their related entities including:

- Awarded share-based payments amounting to \$337,500 in the form of share options, to Key Management Personnel
- Paid \$126,164 in development and consulting costs related to the L-Max Technology

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

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

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

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the Directors for the Financial Report

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

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

**Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf) This description forms part of our auditor's report.

## REPORT ON THE REMUNERATION REPORT

**Opinion on the Remuneration Report**

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Lepidico Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

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



**Neil Pace**  
PARTNER



**MOORE AUSTRALIA AUDIT (WA)**  
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of September 2021.

## SUPPLEMENTARY (ASX) INFORMATION

The Information set out below was applicable as at 30 September 2021.

### FULLY PAID ORDINARY SHARES (ASX:LPD)

#### Top 20 Holders of Fully Paid Ordinary Shares

	Shareholder	Number	%
1	Strategic Metallurgy Holdings Pty Ltd	296,271,201	4.82%
2	BNP Paribas Nominees Pty Ltd Six Sis Ltd	178,037,023	2.89%
3	BNP Paribas Nominees Pty Ltd ACF Clearstream	167,194,410	2.72%
4	HSBC Custody Nominees (Australia) Limited	140,646,244	2.29%
5	Perth Capital Pty Ltd	130,000,000	2.11%
6	Citicorp Nominees Pty Limited	104,762,156	1.70%
7	Acuity Capital Investment Management Pty Ltd	96,000,000	1.56%
8	Mr Johannes Hendrik Thorburn	56,788,306	0.92%
9	Bacchus Capital Advisers Limited	51,900,073	0.84%
10	BNP Paribas Nominees Pty Ltd	50,152,997	0.82%
11	Strategic Metallurgy Pty Ltd	50,000,134	0.81%
12	Mr Gregory Giannopoulos	50,000,000	0.81%
13	Clickable Publishing Pty Ltd	43,056,987	0.70%
14	Netwealth Investments Limited	38,031,783	0.62%
15	Mr Ivars Vadzis	36,586,319	0.59%
16	Mr Gavin Sidney Becker & Mrs Wendy Mary Becker	33,500,000	0.54%
17	Rennie Jackson SMSF Pty Limited	32,000,000	0.52%
18	Avalon Retirement Investments Pty Ltd	31,107,472	0.51%
19	Ms Kelley Marie Attias	27,627,766	0.45%
20	Mr Bill Georgaklis & Mrs Georgia Georgaklis	27,018,389	0.44%
	<b>Total</b>	<b>1,640,681,260</b>	<b>26.67%</b>

#### Substantial Shareholders

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

Shareholder	Number of Shares	%
Strategic Metallurgy Holding Pty Ltd and Gary Donald Johnson	370,618,485	6.02%

#### Distribution of Shares

The distribution of members and their shareholding was as follows:

Number Held	Holders
1 - 1,000	930
1,001 - 5,000	276
5,001 - 10,000	334
10,001 - 100,000	5,117
Over 100,000	4,854
<b>Total Number of Shareholders</b>	<b>11,511</b>

**LISTED OPTIONS EXPIRING 5 JUNE 2022 AT \$0.05 (ASX : LPDOB)****Top 20 Holders of Listed Options**

	<b>Shareholder</b>	<b>Number</b>	<b>%</b>
1	Galaxy Resources Limited	20,555,556	10.78%
2	BNP Paribas Nominees Pty Ltd Six Sis Ltd	6,480,657	3.40%
3	Mr David Ariti	5,549,101	2.91%
4	Isaiah Sixty Pty Ltd	5,005,000	2.62%
5	Mr David Joseph Parrella	4,000,000	2.10%
6	Cameron Cooper Investments Pty Ltd	3,329,670	1.75%
7	Dow Dow Limited	3,300,137	1.73%
8	Mr Antony Edward Anderson	3,000,000	1.57%
9	Wythenshawe Pty Ltd	2,801,588	1.47%
10	Mrs Harshini Lanka Wijetunga	2,500,000	1.31%
11	Strategic Metallurgy Holdings Pty Ltd	2,273,552	1.19%
12	Bacchus Capital Advisers Limited	2,271,910	1.19%
13	BNP Paribas Nominees Pty Ltd ACF Clearstream	2,199,474	1.15%
14	G B Duffy & Associates Pty Ltd	2,000,000	1.05%
15	Mr Anthony Charles Kenworthy	2,000,000	1.05%
16	Mr Charlie Nikolovski	2,000,000	1.05%
17	Fabulous Future Pty Ltd	2,000,000	1.05%
18	Paul Thomson Furniture Pty Ltd	1,864,763	0.98%
19	Netwealth Investments Limited	1,832,128	0.96%
20	Mr Alfred Krendl	1,800,000	0.94%
	<b>Total</b>	<b>76,763,536</b>	<b>40.25%</b>

**Distribution of Listed Options**

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

<b>Number Held</b>	<b>Holders</b>
1 - 1,000	142
1,001 - 5,000	433
5,001 - 10,000	253
10,001 - 100,000	578
Over 100,000	259
<b>Total Number of Option Holders</b>	<b>1,665</b>



**LISTED OPTIONS EXPIRING 18 JUNE 2023 AT \$0.026 (ASX : LPDOD)****Top 20 Holders of Listed Options**

	Shareholder	Number	%
1	Isaiah Sixty Pty Ltd	34,174,322	7.09%
2	CS Third Nominees Pty Limited	15,424,532	3.20%
3	Mr Mark Trent	15,000,000	3.11%
4	Mr Morgan J Mcinnes	14,500,000	3.01%
5	Rookharp Capital Pty Limited	12,692,310	2.63%
6	Mr Ryan James Rowe	10,000,000	2.07%
7	Mr Antony Edward Anderson	9,700,000	2.01%
8	Mr Bin Liu	9,000,000	1.87%
9	Mr Patrick Joseph Naughton	7,751,700	1.61%
10	Christopherson Super Fund Pty Ltd	7,551,175	1.57%
11	Perth Capital Pty Ltd	7,500,000	1.56%
12	BNP Paribas Nominees Pty Ltd Six Sis Ltd	6,298,516	1.31%
13	Mrs Yan Wang	6,173,077	1.28%
14	Mr Graham Woodward & Mrs Sheryl Woodward	6,000,000	1.24%
15	Mrs Emilia Mawer	6,000,000	1.24%
16	Mr Danny Forwood	5,623,922	1.17%
17	CS Fourth Nominees Pty Limited	5,286,065	1.10%
18	Mr Mitchell James Gill	5,000,000	1.04%
19	Finclear Services Nominees Pty Limited	5,000,000	1.04%
20	G B Duffy & Associates Pty Ltd	5,000,000	1.04%
	<b>Total</b>	<b>193,675,619</b>	<b>40.18%</b>

**Distribution of Listed Options**

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

Number Held	Holders
1 - 1,000	61
1,001 - 5,000	331
5,001 - 10,000	176
10,001 - 100,000	558
Over 100,000	477
<b>Total Number of Option Holders</b>	<b>1,603</b>

## UNLISTED OPTIONS

### Unlisted Option holdings as at 30 September 2021

The company has 343,873,982 unlisted options with varying expiry and exercise price on issue.

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

65,000,000 options expiring 22 November 2021 with an exercise price of 2.6c ("B"), which were issued to the Company's Directors and under the Company Employee Share Plan.

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

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

73,000,000 options expiring 21 November 2022 with an exercise price of 2.5c ("E"), which were issued to the Company's Directors and under the Company Employee Share Plan.

100,000,000 options expiring 8 December 2022 with an exercise price of 1.6c ("F"), which were issued to Cornish Lithium Ltd.

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

67,500,00 options expiring 19 November 2023 with an exercise price of 1.2c ("H"), which were issued to the Company's Directors and under the Company Employee Share Plan.

18,090,000 options expiring 14 January 2024 with an exercise price of 2.0c ("I"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

	A	B	C	D	E	F	G	H	I
1-1,000	-	-	-	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-	-	-	-
10,001 - 100,000	-	-	-	-	-	-	2	-	-
101,000 and above	3	7	2	5	9	1	6	7	9
<b>Total number of holders</b>	<b>3</b>	<b>7</b>	<b>2</b>	<b>5</b>	<b>9</b>	<b>1</b>	<b>8</b>	<b>7</b>	<b>9</b>

## VOTING RIGHTS

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

## UNMARKETABLE PARCELS

	Minimum Parcel Size	Holders	Shares
Minimum \$500.00 parcel at \$0.023 per share	21,740	2,603	21,846,741

## RESTRICTED AND ESCROWED SECURITIES

There are currently no restricted or escrowed securities.

## ON-MARKET BUY-BACK

There is no current on-market buy-back.

## TENEMENT INFORMATION

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

### NAMIBIAN OPERATIONS, Karibib Project Karibib Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
<b>ML 204</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km <sup>2</sup>
<b>EPL 5439</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	27/10/2021	225 km <sup>2</sup>
<b>EPL 5555<sup>1</sup></b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	03/04/2021	539 km <sup>2</sup>
<b>EPL 5718</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	07/05/2022	200 km <sup>2</sup>

<sup>1</sup> Licence expired 3 April 2021; application for a 2-year renewal lodged, pending approval

# CORPORATE DIRECTORY

## DIRECTORS

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

## JOINT COMPANY SECRETARIES

Alex Neuling  
Shontel Norgate

## REGISTERED OFFICE

23 Belmont Avenue  
Belmont, WA, Australia, 6104

Telephone: (08) 9363 7800  
Facsimile: (08) 9363 7801  
Email: [info@lepidico.com](mailto:info@lepidico.com)

## PRINCIPAL PLACE OF BUSINESS

23 Belmont Avenue  
Belmont, WA, Australia, 6104  
PO Box 330 Belmont WA 6984

Website: [www.lepidico.com](http://www.lepidico.com)

## COUNTRY OF INCORPORATION

Australia

## AUDITORS

Moore Australia Audit (WA)  
Level 15, Exchange Tower  
2 The Esplanade  
PERTH WA 6000

Telephone: (08) 9225 5355  
Facsimile: (08) 9225 6181

## SHARE REGISTRY

Automic Pty Ltd  
Level 2, 267 St Georges Terrace  
PERTH WA 6000  
GPO Box 5193 Sydney NSW 2001

Telephone: 1300 288 664  
Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

## HOME EXCHANGE

Australian Securities Exchange Limited  
Central Park  
152 - 158 St Georges Terrace  
PERTH WA 6000

## ASX CODE: LPD, LPDOB, LPDOC, LPDOD



