ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 31 December 2022

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

Key Points

Development

- Phase 1 economics materially improved versus the May 2020 Definitive Feasibility Study with all input data updated; base case $NPV_{8\%}$ of US$530M and IRR of 42% at a long-term lithium hydroxide price of US$22,840/t, compares to DFS data of US$221M and 31% respectively
- Lithium price sensitivity analysis sees the $NPV_{8\%}$ range from a downside scenario based on a US$16,800/t lithium hydroxide price of US$452M (A$675M) to an upside figure of US$703M (A$1,050M) based on a lithium hydroxide price of US$32,350/t
- Stage 1 FEED works completed for the integrated Phase 1 project; control estimates total US$266M, comprising US$203M for the Abu Dhabi chemical plant and US$63M for the Karibib mine and concentrator including contingencies
- Independent Engineer review of control estimates and schedules complete with final report received, technical due diligence to complete imminently – closing out this body of work for Development Finance Corp – a key gating item for securing Phase 1 Project debt
- Stage 2 EPCM works started in December for the Abu Dhabi chemical plant, with first lithium chemical production scheduled for the second half of calendar 2025
- Further 1.58M t grading 0.54% Li_2O of Indicated Mineral Resources estimated at Helikon 4 and in surface stocks for addition to the mine plan; Helikon 4 Ore Reserve estimate well advanced and further Helikon 2, 3 and 4 Resource development drill program preparation started
- New lepidolite-petalite pegmatites discovered in outcrop within EPL5439, coincident with a 1km strike rubidium anomaly in soils

Products & Marketing

- Further unsolicited inbound interest received from Tier 1 consumers for supply of Phase 1 lithium hydroxide under the binding agreement with Traxys
- Caesium market continues to tighten evidenced by the rising trend in pricing extending further; supply agreement negotiations continue under confidentiality
- Further interest received for Phase 1 amorphous silica and gypsum with another LOI signed for 100% of these bulk products; the full inventory of sample material is being prepared for shipment from Perth to the UAE

Corporate and Finance

- Entitlements Offer to raise $11.7 million closes significantly over-subscribed with top-up placement of $7.3 million for a total amount raised of $19 million
- Cash and equivalents at 31 December 2022 of $17.1 million and no debt, plus $2.1 million R&D tax refund received in early January

OVERVIEW & OUTLOOK

Lepidico continues to have a zero-harm track record since health and safety incident reporting began in September 2016, and no environmental incidents were reported in the quarter.

New leases have been signed for commercial office space in Perth, Swakopmund and Toronto, with staff predominantly choosing to return to the workplace over working from home.

Work continued under the Engineering Procurement & Construction Management (EPCM) contract for the Abu Dhabi chemical conversion plant, which represents the critical path for the integrated project. Chemical plant Front-End Engineering and Design (FEED) completed in November 2022 that included a more optimal approach to procurement, based on increased local UAE sourcing and further refinement to the design. Stage 2 implementation works for the chemical plant started in December. Stage 2 concentrator activities will resume once the critical paths for each plant are recalculated and aligned.

Several notable commentators continued to react to the sustained level of spot lithium prices coupled with the industry cost curve rising by raising long-term price forecast in their quarterly updates. In December 2022 Benchmark Mineral Intelligence (BMI) raised its long-term lithium hydroxide forecast, used by Lepidico for economic evaluations, from US$16,600/t to US$22,750/t. Meanwhile, Jefferies reported that electric vehicle penetration rates continue to grow globally, with November 2022 data of 7.1% in the US (up1.1% yr/yr), 28.6% in Europe (+1.9% yr/yr) and 35.1% in China (+15.6% yr/yr).

- Chemical plant FEED completed in November 2022, which incorporated some regional sourcing of materials and equipment via a main contractor, as well as further design refinements. Further opportunities to source equipment locally within the UAE and reduce costs are being pursued.
- Project economics have materially improved versus the May 2020 DFS with wider margins estimated as stronger lithium price forecasts from leading industry commentators more than offset the effects of capital and operating cost inflation.
- Detailed design and engineering Stage 2 EPCM works for the chemical plant started in December using funds from the strongly supported entitlements offer that closed in November 2022.
- Plans being made to restart concentrator Stage 2 EPCM work as the delivery time for the ball mill has increased by 10 weeks to 51 weeks, which has not materially impacted the current integrated schedule with the mid-2025 timing for chemical plant start-up remaining intact.
- Independent Engineer review of control estimates and schedules confirmed that, “updated capital cost estimates to be generally reasonable and appropriate” and that contingency allowances are “considered acceptable”.
- Independent Engineer technical due diligence to complete in February 2023, a major gating item for lenders.
- Legal counsel appointed by DFC and lender due diligence has started.
- Strategic equity options continue to advance well, which along with debt are intended to provide full funding for the Phase 1 developments.
- Term sheets for supply of lithium hydroxide to consumers in the EV supply chain being revised based on the latest project economics following completion of FEED, while further unsolicited interest in offtake is received from leading consumers.
- Caesium chemical supply negotiations continue as the market tightens further, with Phase 1 the only new source of supply at an advanced stage.
- Indicated Mineral Resource at Helikon 4 and in surface stockpiles support the target of extending Phase 1 life to 20 years; a revised Ore Reserve estimate is imminent.
- Another phase of drilling has started at Helikon which is expected to extend Phase 1 life further, while new pegmatite targets in EPL5349 are being evaluated as feed sources for Phase 2.

DEVELOPMENT

Updated and Improved Phase 1 Economics

Control estimates and schedules for both the Abu Dhabi chemical plant and the Karibib concentrator were completed in November 2022, a major milestone for the Phase 1 Project. These data sets are required to complete lender technical due diligence, which is on the Project finance critical path (see Project Finance, Page 11). Environmental and social due diligence was completed earlier this year.

Phase 1 is based on an integrated mine, concentrator and chemical plant development that collectively has compelling investment fundamentals. The updated capital cost estimate including contingency for the chemical plant is US$203M (million) and for the concentrator US$63M for a combined US$266M, which reflects considerable cost inflation since the previous estimate for the Definitive Feasibility Study (DFS) of May 2020. Importantly, overall Project economics have improved with substantially higher lithium price forecasts (September 2022) more than offsetting the effects of inflation, and scope changes that reduce operating risk and improve maintainability (Refer Table 1). It is also notable that subsequently, in December 2022 BMI raised its lithium price forecast further, as advised above.

The Base Case unlevered $NPV_{8\%}$ for the Project has increased from US$221M in the DFS to US$530M (A$791M), a rise of 140%. Importantly, the Internal Rate of Return (IRR) has also increased from 31% in the DFS to 42%.

Chemical Conversion Plant (100%), Abu Dhabi

Chemical plant capacity is unchanged at 56,700tpa (dry basis) of lithium mica/amblygonite concentrate for production capacity of 5,600tpa of lithium hydroxide. Concentrate feed grade is predicted to range from 2.5% to 3.9% Li_2O over the project life for average annual lithium hydroxide output of 4,350/t. The significant excess process capacity in the impurity removal and lithium recovery circuits in particular provides opportunity for optimisation and higher output once in production. The relatively modest size of Phase 1 for a lithium chemical converter along with its high level of installed capacity are important risk mitigants, as development and operating risks tend to increase exponentially with scale. The overall lithium recovery to lithium hydroxide from concentrate is estimated at 89% versus 90% in the DFS.

The Process Design Criteria (PDC) was finalised for FEED purposes in the June 2022 quarter following an extensive risk review phase. No material amendments to the PDC have subsequently been made, with the general design and layout effectively locked down for the detailed design and engineering phase. Minor amendments to the PDC are expected going forward, largely related to the piping and instrumentation design drawings, work on which started in December 2022.

The implementation schedule for the chemical plant has increased versus the DFS largely associated with increased lead times for delivery of major mechanical equipment. Final Stage 4 (ore) commissioning is forecast for August 2025 based on a Final Investment Decision in the June 2023 quarter.

As advised last quarter, the enormous oil, gas and petrochemical industries in the UAE are supported by extensive local manufacturing and global sourcing capabilities. Quotations were received for locally sourced equipment and materials from several main contractors that provide services to these industries. These data were incorporated into the chemical plant control estimate. However, subsequent to this being completed further competitive pricing has been received, particularly for locally fabricated equipment.

The main contractor tender process started in December following the commencement of Stage 2 EPCM services.

By way of background, the Phase 1 Chemical Conversion Plant is largely permitted with the key environmental approval to construct granted. The Musataha lease agreement was signed in October 2021 with Abu Dhabi Ports (ADP). The Musataha agreement secures the 57,000m^2 site for the Phase 1 chemical plant for an initial term of 25 years.

Table 1. Key Results

Parameter (base case unless stated otherwise, 100% basis)	**Unit**	**Value**
Project duration	Year	19
Production life	Year	15
Total tonnes mined	M t	23.79
Ore tonnes processed	M t	8.27
Waste to ore ratio	#	2.9
Average grade of ore tonnes processed	$\%Li_2O$	0.40
Lithium recovery to concentrate	%	80.1 avg
Lithium grade of concentrate	$\%Li_2O$	2.5-3.9, 2.8 avg
Cost of production to mine gate	US$/t concentrate	376
Cost of concentrate logistics FOB Walvis Bay	US$/t concentrate	147
Lithium recovery from concentrate	%	89
Total lithium hydroxide monohydrate production	LoM t / tpa	65,500 / 4,350
Total rubidium sulfate production	LoM t / tpa	21,200 / 1,400
Total caesium sulfate production (salt basis)	LoM t / tpa	3,600 / 235
Total sulfate of potash production	LoM t / tpa	103,000 / 6,900
Pre-production capital - (excludes working capital)	US$M	266
Sustaining capital cost inc. leased amounts	US$M	39
C1 cash cost[1] (by-product LCE basis[3])	US$/t LCE	7,100
AISC[2] (by-product LCE basis[3])	US$/t LCE	11,500
Post tax NPV_8	US$M	530
Free cash flow undiscounted	US$M	1,187
Free cash flow average first 10 years of production	US$M	92
EBITDA average first 10 years of production	$M	135
Internal Rate of Return (8% discount rate)	%	42
Payback from start of production	Years	<3

[1]C1 cash costs: Brook Hunt convention for the reporting of direct cash costs comprising mine site, product transportation and freight, treatment and refining charges and marketing costs.
[2]All-in sustaining costs (AISC): C1 cash cost plus royalties; corporate support and shared services costs; sustaining capital; lease principal and interest charges; and deferred mining and inventory adjustments capitalised.
[3]Net of by-product credits LCE basis: costs for lithium and other products after deduction of credits for by-product revenues, per tonne of recovered lithium carbonate equivalent.

The plant site is located within the renamed Khalifa Economic Industrial Zone Abu Dhabi (KEZAD), a major industrial free zone, which allows full foreign business ownership as well as tax exemptions on imports and exports. Under the Musataha Agreement the off-site infrastructure is being delivered by ADP (the parent company of KEZAD) to the site boundary, which includes natural gas, 11kV power, potable water, sewer services, access roads and drainage. Khalifa Port, the deep-water container terminal where concentrate from Walvis Bay, Namibia will be imported is just 15km by road from the plant site.

Phase 1 represents a unique opportunity globally for production of the strategic metals: caesium and rubidium, for which the United States is 100% reliant on imports. Furthermore, lithium, caesium, and rubidium, the main Phase 1 products, are all on the U.S. Government's list of Critical Minerals, making Lepidico's technologies and the Phase 1 chemical plant strategically significant.

Karibib Project (80%), Namibia

As previously advised concentrator FEED was finalised in June, with the control estimate adjusted for escalation to September 2022 to generally align with the chemical plant.

Few scope changes resulted from the FEED works versus the design contemplated in the DFS, with most of the capital cost increase associated with inflation.

Phase 1 Mineral Resources for the redevelopment of the Rubicon and Helikon 1 deposits remain unchanged from those used in the DFS, however, new Ore Reserves were estimated with all inputs reviewed and revised (see ASX Announcement dated 22 November 2022,). Again, the higher lithium price used of US$17,015/t (BMI March 2022 estimate) more than offset the higher operating costs, which resulted in Ore tonnes increasing to 8.27M t grading 4.0% Li_2O and the life of mine strip ratio falling to 2.9 to 1, for an operating life of 15 years. The overall recovery of lithium to the lithium concentrate is 75-88% (average 80.1%), at a concentrate grade of 2.5%-3.9% Li_2O depending on the mineralogy and based on test work undertaken in 2022.

The mineral concentrator will use conventional crushing, grinding, desliming and froth flotation processes followed by dewatering of concentrate and tailings streams. The lithium principally occurs in lepidolite, amblygonite and lithian muscovite, although any zinnwaldite will also be recovered through the froth flotation process.

The concentrator has been designed to process 333,000tpa (dry basis) of ore for the first four years ("Stage 1") and 541,000tpa (dry basis) from Year 5 of production ("Stage 2"). Stage 2 requires the addition of a second smaller ball mill, reconfiguration of the flotation circuit and the installation of a second tailings filter. The plant will be debottlenecked in Year 7 to cater for a declining head grade.

Upgraded Mineral Resources have been completed for Helikon 4 and stockpile material with inaugural Ore Reserve estimates at an advanced stage (see Exploration & Resource Development below). The target is for the Helikon deposits to extend Phase 1 operating life to over 20 years, further enhancing Project economics.

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

Sustainability

Activities in the quarter centred on the development of numerous Group Standards for adherence to the International Finance Corporation (IFC), World Bank, Development Finance Corporation (DFC) and IRMA standards/requirements. These Standards are required to secure lending from DFC for the Phase 1 development at Karibib.

Lepidico has continued to work closely with the DFC environment and social team to meet its requirements, which include the Environment and Social Action Plan.

Corporate Social Responsibility activities centred on the development of an emergency maternity unit for a local community. Cost estimates for the unit and medical equipment have been reviewed and construction is expected to start in the March 2023 quarter.

The fire and water trailers acquired in the June 2022 quarter for the Karibib Operations continued to provide a valuable service to local farmers to contain seasonal scrub fires.

Product Marketing

During the period the Company appointed Mr David Hall as General Manager Marketing & Investor Relations. David brings a great wealth of experience from his plus 30 years working in product marketing and business management roles within the chemicals and industrial minerals industry and more recently as a listed company executive with responsibility for business development, marketing and investor relations. David has been involved as a marketing consultant to Lepidico since late 2020, responsible for establishing supply agreements for all Phase 1 Project products and working in close collaboration with Traxys for offtake of lithium hydroxide and caesium.

Lepidico signed a binding offtake agreement in December 2021 with Traxys Europe S.A. ("Traxys"), where Traxys provides sales-marketing, logistics and trade finance for 100% of lithium hydroxide manufactured during the first 7 years of operation or 35,000t in total. In addition, Traxys will act as agent for 100% of the production of caesium sulphate solution from the Chemical Plant.

During the quarter, the Company continued to work closely with Traxys to place the lithium hydroxide produced from Phase 1 with leading consumers in the electric vehicle supply chain. Inflationary effects on capital and operating costs coupled with volatility in lithium chemical prices necessitated a review of supply terms in November. Lithium supply negotiations resumed in January 2023.

Markets for the "Critical Minerals" caesium and rubidium are opaque with little data available on supply/demand and pricing. Lepidico is also limited by confidentiality agreements with third parties as to the information it can disclose pertaining to these markets.

Interest in Phase 1 bulk products, amorphous silica and the gypsum rich reside has continued to expand with a Letter of Intent signed with another regional construction materials manufacturer for 100% of both product streams. The full inventory of bulk product samples from the 2022 pilot trials is being prepared for shipment from Perth to Abu Dhabi to satisfy the interest in material for testing. This further supports Lepidico's ambition for Phase 1 to be a zero solid process waste facility.

Phase 2 Plant Scoping Study

Proposals have been received for site selection and business incentive assessment services for a Phase 2 chemical plant in the United States. It is planned that work will start in February 2023.

In parallel Lepidico will undertake studies using its internal resources for a Phase 2 development in Namibia and the UAE, with the objective of completing this scoping level work in mid-2023 and allowing a Pre-Feasibility Study to begin.

Two throughput scenarios are envisaged, a sister plant to Phase 1 with nominal output of 5,000tpa lithium hydroxide and a larger 20,000tpa facility. The former is being evaluated based on concentrate feed solely from Karibib, while the larger facility will rely on lithium mica concentrate feed from third party concentrators. To this end, additional sources of concentrate from third-party lithium mica mines continue to be monitored, which could support the development of a global market for lithium mica concentrates; Lepidico's ultimate objective.

EXPLORATION & RESOURCE DEVELOPMENT

Karibib Project (80%)

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals that the Namibian properties are prospective for, including lithium, caesium, rubidium, tantalum, gold, copper and tungsten. Work programs span a range of activities, from regional exploration assessing conceptual targets to Mineral Resource development. The near-term objectives of this work is to extend the operating life of the Phase 1 Project to over 20 years, expand the Resource base to support the Phase 2 Scoping Study and evaluate the Karibib licences for their gold potential.

Mineral Resource development

Over the course of 2022 Lepidico completed a series of work programs at the Helikon 4 pegmatite and over surface stockpiles from historical mining at Rubicon to enable the reclassification of Inferred category material as Indicated Mineral Resources. This in turn should allow for the estimation of Ore Reserves and thereby their inclusion in the mine plan. These workstreams are well advanced and on track for reporting on the March 2023 quarter.

Lepidico engaged Cube Consulting Pty Ltd ("Cube") to update the Mineral Resource estimate ("MRE") based on this work at Helikon 4 and at Rubicon. The estimations are reported in accordance with the requirements of the JORC Code (2012) and were completed between October 2022 and December 2022 (Tables 2 & 3). The Mineral Resource Estimate Report prepared by Cube is dated 31 December 2022 (reported to ASX on 30 January 2023) and is an update to previous MRE work conducted in 2018 by the MSA Group of South Africa (Helikon 4) and in 2021 by Resource Evaluation Services (Rubicon stockpiles).

Table 2. Mineral Resource Estimate for Helikon 4 (0.15% Li_2O cut-off); effective date 31 December 2022

Category	Domain	Tonnes (Mt)	Li_2O (%)	Cs (ppm)	K (%)	Rb (ppm)	Ta (ppm)
INDICATED	Main Pegmatite	1.06	0.35	145	1.31	1,469	42
	Lepidolite Zones	0.20	1.06	426	2.33	4,356	114
	HW Pegmatite	0.04	0.24	85	1.13	926	27
SUBTOTAL INDICATED		**1.31**	**0.46**	**187**	**1.47**	**1,898**	**53**
INFERRED	Main Pegmatite	0.20	0.37	128	1.51	1,570	35
	Lepidolite Zones	0.08	0.96	285	2.16	3,362	79
SUBTOTAL - INFERRED		**0.28**	**0.54**	**174**	**1.70**	**2,087**	**48**
TOTAL		**1.59**	**0.47**	**184**	**1.51**	**1,932**	**52**

Table 3. Rubicon Stockpiles Mineral Resource Estimate (0% Li_2O cut-off); effective date 31 December 2022

Stockpile	Category	onnes (Mt)	Li_2O (%)	Cs (ppm)	K (%)	Rb (ppm)	Ta (ppm)
Dump A (sorted reject; >60 mm)	IND	0.10	0.62	388	2.05	2,592	52
Dump B (screened undersize)	IND	0.07	0.90	491	2.19	2,484	61
Dumps C-T (screened undersize)	IND	0.08	0.96	371	2.18	2,548	66
Dumps 1-36 (sorted product; >60 mm)	IND	0.02	1.38	464	3.93	6,164	107
Total		**0.27**	**0.86**	**415**	**2.29**	**2,863**	**63**

Helikon deposits

Geological interpretation of the Helikon 4 deposit differentiated the pegmatite into a central but often poorly developed, thin quartz core component, generally surrounded by a lepidolite-rich zone (Figure 1). The Helikon 4 deposit is open down dip along most of its strike length, which is planned to be drilled tested in the March 2023 quarter.

Resource interpretation for Helikon 4 is based on a total of 66 drill holes for 6,962 m of combined reverse circulation ("RC") and diamond core drilling (Figure 2). Work completed by Lepidico consists of 37 RC holes (including 6 with NQ diamond tails) for 3,096 m of infill and extensional drilling.

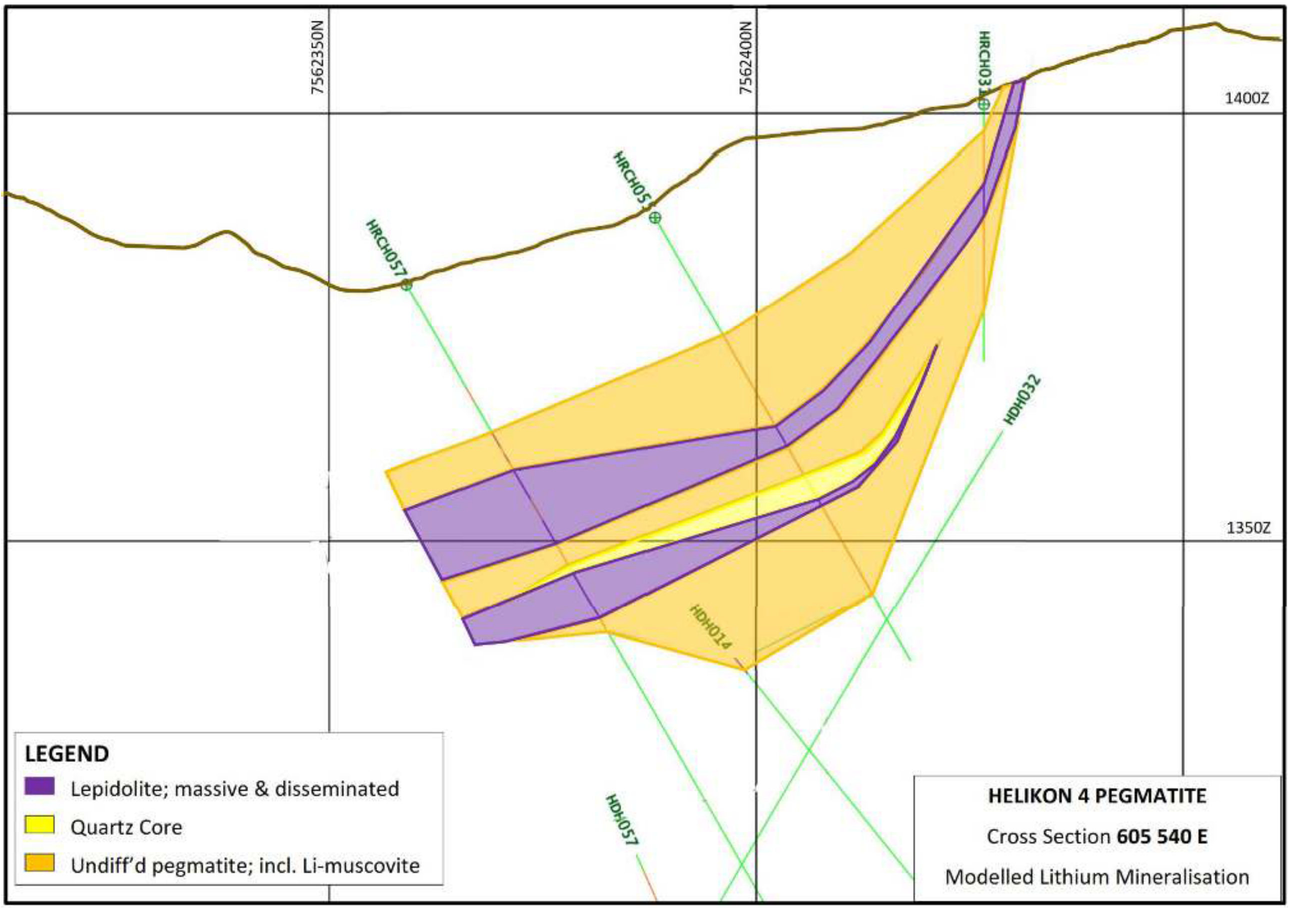

Figure 1. *Helikon 4 cross-section at 605540E showing 20 m thick open-ended lepidolite mineralisation down dip.*

Drill hole spacing is irregular due to constraints caused by topography and the presence of an historical pit. Section lines are generally spaced 15 m to 30 m apart, with most holes drilled from the southern hanging-wall side and intersect the steep to moderately dipping pegmatite at a reasonable angle. For the 2017 and 2018 drilling downhole surveys were taken every 50 m for the deeper holes. The RC holes and diamond tails from 2022 were not surveyed.

Rubicon stockpiles

The surface stockpiles at Rubicon comprise numerous residual dumps from historical mining (mainly petalite) situated at or near the historical Rubicon mine. A prior owner attempted to beneficiate some of the dumps with an X-ray sorter in an attempt to produce higher-grade material for direct shipping export. Consequently, the Rubicon stockpiles comprise four distinct material types, namely:

i) Unsorted in-situ historical dumps;
ii) Screened undersize material (<60 mm);
iii) Sorted (>60 mm) 'product' (upgraded lepidolite-rich); and
iv) Sorted (>60 mm) 'waste' (residue from 'product' production)

The in-situ historical dumps were not evaluated as part of this exercise as the extreme variation in particle size precludes requisite confidence to classify this material in the Indicated category.

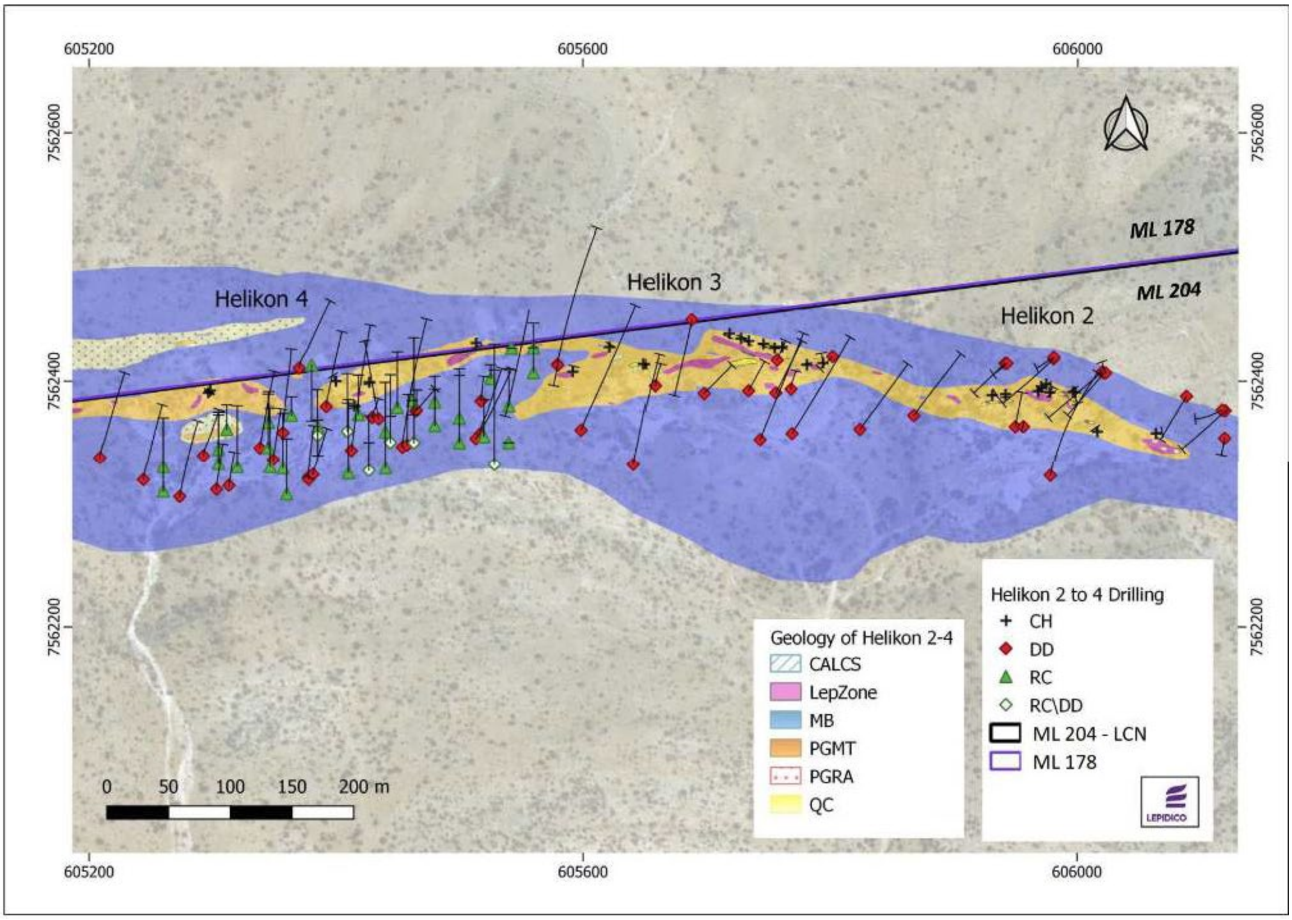

Figure 2. *Drill hole location and type at Helikon 4. The Helikon 2 - Helikon 3 section (600 m strike) will be drilled in the March quarter. Site preparation is underway.*

The results of the sampling exercise, including the application of better topographic controls on the stockpile volumes, significant density sampling, and comparisons with the assay results from previous programs, were considered sufficiently robust to reclassify these dumps (and by corollary some associated small Product Stockpiles) to Indicated Resources.

Helikon 2 - Helikon 3 Resource Development

Resource development drilling of the Helikon 2 and Helikon 3 lepidolite pegmatites is due to commence in early February, with site preparation earthworks in progress to provide drill rig access in steep and rugged terrain.

These two deposits are the contiguous eastern extension of the Helikon 4 deposit and represent an additional 600 m of strike of a mineralised lepidolite-petalite pegmatite (Figure 2). Current Inferred Resources at Helikon 2 and Helikon 3 stand at 220Kt @ 0.56% Li_2O and 290Kt @ 0.48% Li_2O, respectively.

An initial program of 1 500 m of diamond core drilling is intended to infill and extend the current drill coverage to upgrade these resources to Measured or Indicated status.

Additional diamond drilling is planned at Helikon 4 to test zones of open-ended down dip mineralisation, to provide geotechnical data and to twin some RC holes from the 2022 program.

Regional Exploration and Scout Drilling

Two priority Lithium-Caesium-Tantalum (LCT) pegmatite targets were identified during the quarter within EPL5439. The most encouraging includes lepidolite in outcrop and some old mine workings that are assumed to be for petalite. An associated rubidium anomaly in soils has been identified over approximately 1km of strike. Assays from filed samples are pending.

Soil sampling at the second LCT target has identified a high tenor rubidium-caesium anomaly (+300ppm Rb in soils) adjacent to a pegmatitic granite that is not identified as mineralised.

Assays are also pending for samples taken from two gold targets.

CORPORATE

The health, safety and wellbeing of our people, staff and contractors remain of paramount importance.

All active staff in Australia, Canada, Namibia and the UK are fully immunised against COVID-19. Flexibility to work from home and adherence to local safety protocols remain in place in the jurisdictions in which we operate.

Lepidico entered into new leases for commercial office space in Perth, Swakopmund and Toronto during the quarter.

Cash

As at 31 December 2022, the Company held $17.1 million in cash and cash equivalents. In early January a further $2.1 million was received via the Australian R&D tax rebate scheme.

Entitlement Offer

The Renounceable Entitlements Offer announced on 10 October 2022 (the “Offer”) was well supported by the Company’s eligible directors, shareholders and new investors and closed significantly oversubscribed.

The Offer raised $11.7 million (before costs) and the Company issued 650,719,123 new shares and 325,359,562 new options on 4 November 2022. The new options are listed under the ASX code LPDO.

High demand, particularly from new institutional and professional investors resulted in subscriptions being substantially scaled back and the Company placing a further 404,835,867 fully paid ordinary shares at $0.018 with 202,418,533 attaching options to raise an additional $7,287,046 (“Placement”) for a total amount raised of $19.0 million. The Company issued the additional shares and options under its existing Listing Rule 7.1 and 7.1A capacity.

Proceeds from the Offer were deployed to complete both Phase 1 chemical plant FEED and lender due diligence, and to start critical path Stage 2 EPCM works for both the concentrator and chemical plant. Funds from the Placement are intended to be used to fast-track detailed design and engineering and other critical path works for the Phase 1 chemical plant in Abu Dhabi with the objective of tightening up the implementation schedule. Placement funds will also be used for growth initiatives including expanding the Mineral Resource base at Karibib to support the Phase 2 Project scoping study.

Mahe Capital acted as Lead Manager and Underwriter.

Utilisation of Controlled Placement Agreement

On 10 October 2022, the Company successfully raised A$600,000 (after costs) through the set-off of 23,100,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) - see announcements on 23 December 2019, 19 April 2021 and 27

January 2022. The Set-Off Shares reduces the total collateral shares to 72,900,000 which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. The Set-Off Shares have a deemed price of $0.026.

Options

On 11 October 2022, 75,000,0000 unlisted options were exercised with a strike price of $0.016 raising $1,200,000 in additional capital.

On 28 November 2022, 109,500,000 unlisted options with an exercise price of $0.026 expiring on 28 November 2025 were issued under the Company's employee incentive scheme.

Project Finance

The Independent Engineer (IE) appointed by DFC finalised during the quarter the technical due diligence reports on the pilot plant trials undertaken earlier in the year. In early December the IE was also provided, for its review, with the Phase 1 control estimates and schedules from EPCM Stage 1 works, as well as the associated updated economic model. The IE has completed its report on the control estimates, advising that the contingencies adopted are within the expected range. The IE review of the economic model is close to completion, at the time of writing. Once this review is finalised the IEs due diligence scope of work will be concluded.

During the quarter DFC selected its preferred legal counsel, subsequently appointed by Lepidico, to undertake legal due diligence associated with the integrated Phase 1 Project, which started in January 2023.

In parallel, debt advisor Lion's Head Global Partners is advancing discussions with other Development Finance Institutions, commercial lenders and export credit agencies for debt finance for the chemical plant development in Abu Dhabi, with credit approvals expected to be sought by lenders from later in the March 2023 quarter.

Strategic equity options are also being advanced that collectively, along with debt are intended to provide full funding for Phase 1.

Patents & Licences

At 31 December 2022, the Company held granted patents for its L-Max® technology in the United States, Europe, Japan and Australia, along with an Innovation Patent in Australia. National phase patent applications are well advanced in the other key jurisdictions, with these processes expected to be granted in 2023. The Company also has patents granted for its process technology for lithium recovery from phosphate minerals (amblygonite) from the United States, Japan, Australia and Europe.

The national and regional phase of the patent application process is progressing for LOH-Max® under PCT/AU2020/050090. The S-Max® Australian patent applications are progressing under 2019262080 and 2019262079.

On 1 April 2022, the Company progressed with an international application under the Patent Cooperation Treaty (PCT) and was allotted the number PCT/AU2022/050297 for the lithium carbonate recovery process from a raw lithium hydroxide material.

On 27 September 2022, the International PCT application was filed for the preparation of Cs-Rb-K alkali salt solutions from lithium mica mineral source material and allotted the number PCT/AU2022/051154. The refining process has application in tailoring ternary materials for industrial catalyst applications and the patent process is expected to continue into 2023.

During the period, the Company ceased its patent application process for the production of alkali metal brines and other formates from an alum-intermediate.

Exploration and Resources

Compliance Statement

The information in this report that relates to the Rubicon and Helikon 1 Ore Reserve estimates is extracted from an ASX Announcement dated 22 November 2022 ("Phase 1 Economics Updated and improved"). The Ore Reserve estimates were completed by John Wyche of Australian Mine Design and Development Pty Ltd 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 4 and Rubicon Stockpiles Mineral Resource estimates is extracted from an ASX Announcement dated 30 January 2023 ("Helikon 4 and Rubicon Stockpiles Upgrade to Mineral Resources"). The Mineral Resource estimates were compiled by Matt Bampton of Cube Consulting Pty Ltd 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 3 and Helikon 5 Mineral Resource estimates is extracted from an ASX Announcement dated 16 July 2019 ("Drilling starts at the Karibib Lithium Project"). The Mineral Resource estimates were completed by Jeremy Whitley of the MSA Group (Pty) Ltd in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

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

Previously Reported Results

Reference in this report is made to the Company's ASX announcements dated 28 May 2020 ("Definitive Feasibility Study Delivers Compelling Phase 1 Project Results") and 22 November 2022 ("Phase 1 Economics Updated & Improved"). Other than as disclosed in those announcements, the Company confirms it is not aware of any new information or data that materially affect the information in those announcements.

Forward-looking Statements

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

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

CORPORATE INFORMATION

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

Registered & Principal Office
Suite 2, 680 Murray Street,
West Perth, WA 6005, Australia

Key Management
Benedicta Uris (GM Sustainability & Country Affairs)
Timo Ipangelwa (GM Operations – Namibia)
Hans Daniels (GM Operations – UAE)
Roland Wells (Project Director)
Tom Dukovcic (GM Geology)
Shontel Norgate (CFO & Joint Company Secretary)
Alex Neuling (Joint Company Secretary)

Forward Shareholder Enquiries to:
Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

All correspondence to:
GPO Box 5193
Sydney NSW 2001

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

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

Issued Share Capital
As at 31 December 2022, issued capital was 7,637,771,223.
As at 31 January 2023, issued capital was 7,637,771,723.

Quarterly Share Price Activity

	High	Low	Close
September - December 2022	2.4c	1.3c	1.6c

Authorised for release by the Managing Director.

Further Information
For further information, please contact

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Managing Director
Lepidico Ltd
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David Waterhouse
Waterhouse IR

Tel: +61(0)3 9670 5008

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TENEMENT INFORMATION (Provided in accordance with ASX Listing Rule 5.3.3)

NAMIBIAN OPERATIONS, Karibib Project

Karibib Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
ML 204	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km^2
EPL 5439	Lepidico Chemicals Namibia (Pty) Ltd	80%	09/06/2024	165 km^2

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

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

Item 6.1: Aggregate amount of payments to related parties and their associates included in cashflows from operating activities is $477,000:

	$'000
Remuneration	312
Directors Fees	72
Payments to Director Related Entities (Development)	93
Total included in 6.1	**477**

Appendix 5B

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

Name of entity	
Lepidico Ltd	
ABN	**Quarter ended ("current quarter")**
99 008 894 442	31 December 2022

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (expensed)	-	-
	(b) development	(2,121)	(4,350)
	(c) production	-	-
	(d) staff costs	(1,090)	(1,848)
	(e) administration and corporate costs	(1,176)	(2,083)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	65	76
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	26	26
1.8	Other (COVID-19 incentives)	-	-
1.9	**Net cash from / (used in) operating activities**	**(4,296)**	**(8,179)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(34)	(47)
	(d) exploration & evaluation (capitalised)	(1,104)	(2,417)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(1,138)**	**(2,464)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	19,600	19,600
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,200	1,201
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,259)	(1,259)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings (convertible debt securities)	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**19,541**	**19,542**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,770	8,043
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,296)	(8,179)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,138)	(2,464)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	19,541	19,542

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	173	108
4.6	**Cash and cash equivalents at end of period**	**17,050**	**17,050**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	17,050	2,770
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**17,050**	**2,770**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	477
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements **	Up to 7,500	3,525
7.3	Other	-	-
7.4	**Total financing facilities ** **	Up to 7,500	3,625

7.5	**Unused financing facilities available at quarter end**	Up to 3,975

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

** On 23 December 2019 the Company executed a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to $7.5 million of standby equity capital to February 2022. Under the CPA Lepidico sets a floor price and the final issue price will be calculated as the greater of that floor price and a 10% discount to a Volume Weighted Average Price (VWAP) over a period nominated by Lepidico. As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares from its LR7.1 capacity, at nil consideration to Acuity Capital ("Collateral Shares") but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

On 19 April 2021 the Company announced it had raised A$2,925,000 (after costs) through the set-off of 134,000,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) as announced on 23 December 2019.

On 10 October 2022 the Company announced it had raised A$600,000 (after costs) through the set-off of 23,100,000 Set-off Shares previously issued to Acuity Capital under the CPA.

The Set-Off Shares reduces the total collateral shares to 72,900,000 million, which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. The unused facility reduced by $0.6 million following the capital raise and cash increased by $0.6 million.

On 26 January 2022 the Company agreed with Acuity Capital to extend the expiry date of its Controlled Placement Agreement ("CPA") to 31 January 2024.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,296)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,104)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,400)
8.4	Cash and cash equivalents at quarter end (item 4.6)	17,050
8.5	Unused finance facilities available at quarter end (item 7.5)	Up to 3,975
8.6	Total available funding (item 8.4 + item 8.5)	21,025

8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.9
	Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

Although the Company has positive relevant outgoings at Item 8.3 it provides the following information due to the nature of the cash from operating activities during the quarter.

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023...

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

Notes

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