



LEPIDICO LTD

ACN 008 894 442

ANNUAL REPORT 2023

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Corporate Directory

Directors

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

Joint Company Secretaries

Alex Neuling
Shontel Norgate

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West Perth, WA, Australia, 6005

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Principal Place of Business

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Website: www.lepidico.com

Country of Incorporation

Australia

Auditors

Moore Australia Audit (WA)
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PERTH WA 6000

Telephone: (08) 9225 5355
Facsimile: (08) 9225 6181

Share Registry

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Perth WA 6000
GPO Box 5193 Sydney NSW 2001

Telephone: 1300 288 664
Email: hello@automicgroup.com.au

Home Exchange

Australian Securities Exchange Limited
Central Park,
152-158 St Georges Terrace,
PERTH WA 6000

ASX Code: LPD, LPDO

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 2023 (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.

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 strategic consulting and the creation of new technology businesses. He has been a Director of the Company since 9 June 2016.

Special responsibilities:

Member of Audit Committee
Member of the Remuneration and Nomination Committee
Member of Sustainability and Risk Committee

Other Current Directorships of listed public companies:

Director of Antipa Minerals Ltd (ASX listed)

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

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

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

Qualifications - BEng, MSc

Mr Walsh is a resources industry executive, mining engineer and geophysicist with over 35 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, consultant and public company director with over 25 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. Prior to its 2007 takeover by Norilsk Nickel for in excess of US\$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
Chair of the Sustainability and Risk Committee
Member of Audit 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 the 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 Committee
Chair of the Diversity Committee
Member of the Remuneration and Nomination Committee
Member of the Sustainability and Risk Committee

Other Current Directorships of listed public companies:

None

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

Executive Chair of Victory Nickel Inc. (CSE listed) – resigned 26 July 2022

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 2023, 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	340,789,197	25,165,436
Mr Joe Walsh	37,215,430	45,873,429
Mr Mark Rodda	-	22,500,000
Ms Cynthia Thomas	-	22,500,000
	378,004,627	116,038,865

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 neither the results, performance nor 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.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were mineral exploration and development, and development of proprietary technologies, that include: L-Max[®], LOH-Max[®] and caesium-rubidium extraction.

OBJECTIVE

The Group's strategic objective is to fast track the business to free cash flow generation, demonstrate the commercial viability of L-Max[®]/LOH-Max[®] and become a sustainable, globally significant alkali metals chemical producer with industry leading ESG credentials and technologies.

To meet this objective, the following targets have been set for the 2024 financial years and beyond.

1. Sustainability: industry leading sustainability practices and performance with defined targets (climate change focus); transparent mature reporter benchmarked against industry peers.
2. Production: transition the Phase 1 Project to full construction with installed capacity of 5,700tpa (4,500tpa nominal) lithium hydroxide production.
3. Mineral Resources: expand Ore Reserves to support a Phase 1 Project life of 20 years. Secure additional resources to support a Phase 2 chemical plant through exploration and/or third-party concentrate feed.
4. Business Development: complete the Phase 2 chemical plant scoping study; develop third-party lithium mica concentrate sources; process technology improvements; and develop markets for new products of Rb, Cs, silica and gypsum.
5. Systems: fit for purpose systems, standard/procedure development ahead of growth requirements and governance compliance with ASX
6. Stakeholders: establish a stakeholder group to deliver on strategy and maintain relationships.
7. Shareholders: transparent communication, institutional base development, with a total shareholder return in the top quartile of the S&P/ASX 300 Metals and Mining Index.
8. People: employees and contractors are appropriately skilled, diverse, motivated and aligned with Group Vision & Values so as to be empowered to be creative, add value, deliver on the corporate strategy and thereby excel.

SUMMARY REVIEW OF OPERATIONS

For the financial year ending 30 June 2023 the Group recorded a net loss after tax of \$3,604,123 (2022: net loss after tax \$7,941,340) and a net cash out flow from operations of \$6,761,229 (2022: net cash out flow \$5,482,547).

The net assets of the Group increased to \$92,458,261 at 30 June 2023 (2022: \$76,441,558).

PHASE 1 PROJECT DEVELOPMENT

Updated and Improved Phase 1 Project Economics

Control estimates and schedules for both the Abu Dhabi chemical plant and the Karibib concentrator were announced in November 2022 on completion of Front End Engineering and Design (FEED) works for both plants.

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 the considerable cost inflation since the previous estimates for the Definitive Feasibility Study (DFS) of May 2020. Importantly, overall Project economics have improved with substantially higher long-term lithium price forecasts of US\$22,840/t real (Benchmark Mineral Intelligence September 2022) more than offsetting the effects of inflation, and scope changes that reduce operating risk and improve maintainability.

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%. The Internal Rate of Return (IRR) has also increased from 31% in the DFS to 42%¹.

Chemical Conversion Plant (100%), Abu Dhabi

The Phase 1 chemical conversion plant is largely permitted with the key environmental approval to construct granted. The Musataha land lease agreement was signed in October 2021 with Abu Dhabi Ports (ADP). The Musataha secures the 57,000m² site for the chemical plant for an initial term of 25 years.

The plant site is located within the 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.

Chemical plant capacity remains 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% Li₂O over the project life for average annual lithium hydroxide output of 4,350t. 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.

On 31 January 2023 the Company entered into a binding agreement with Interacid Trading S.A. ("Interacid") for the supply of sulphuric acid for the Phase 1 chemical plant. Interacid is a 100% subsidiary of Sumitomo Corporation and has provided marketing, logistics and terminal services for sulphuric acid for nearly 50 years. Under the agreement Interacid will supply the Company's high specification sulphuric acid for an initial period of three years.

Stage 2 EPCM works, which commenced in December 2022 following the completion of FEED were advanced, by the end of April 2023, to the point where significant financial commitments were required for the major mechanical equipment. As a result, chemical plant EPCM activities were suspended in May 2023 and are planned to resume once full development funding is secured.

Detailed Planning Approval has been granted to Lepidico Chemicals Manufacturing Ltd (Lepidico Ltd's UAE entity) by ADP for the Phase 1 lithium chemical plant in the UAE. This approval now allows building

¹ Lepidico ASX announcement dated 22 November 2022: Phase 1 Economics Updated and Improved

permit applications to be made. Detailed design for non-process infrastructure has been completed and is ready for inclusion in the first building permit application. Process plant detailed design will be staged as major mechanical equipment vendors complete their respective workstreams once finance is in place, allowing the remaining building permit applications to be made.

Detailed Planning Approval also allows an application to be made to Abu Dhabi Civil Defence Authority for chemical plant safety and security systems, most notably fire protection, firefighting equipment, devices and materials.

A collaboration started in June 2023 with the preferred crystalliser supplier to evaluate the manufacture in Abu Dhabi of the five units required for Phase 1. Crystalliser fabrication is currently highly concentrated in China. However, the UAE is seen as an attractive alternate location for affordable manufacture with shorter delivery times and lower logistics costs, including for delivery into Europe.

Karibib Project (80%), Namibia

As previously advised, 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 that employs conventional flotation technology. 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.

The open pit mines at Rubicon and Helikon 1 along with associated haul road and water infrastructure are already established, with minimal works required to resume mining.

The mineral concentrator, to be built adjacent to Rubicon will use conventional crushing, grinding, desliming and froth flotation processes followed by dewatering of both concentrate and rejects streams. The lithium principally occurs in lepidolite, amblygonite and lithian muscovite, although any zinnwaldite will also be recovered through the 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, some reconfiguration of the flotation circuit and the installation of a second 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 Rubicon stockpile material with inaugural Ore Reserve estimates completed, that can extend the Phase 1 operating life to over 19 years (see Exploration & Resource Development below). A revised mining schedule was developed that reflects a reduction in the life of mine strip ratio. Geotechnical assessment of the Helikon 4 open pit north wall has commenced, with the objective of maximising the wall angle due to its proximity to the Mining Licence boundary and reducing the strip ratio. This work is planned to complete by September 2023. A final pit design will be undertaken once all Mineral Resource development work is completed at Helikon 2-5, allowing a revised Phase 1 mine schedule to be developed.

The concentrator FEED was finalised in June 2022. Subsequently detailed design and engineering were advanced to the stage where placing orders for long-lead mechanical equipment came onto the development critical path. EPCM activities will resume once project finance is secured.

Proposals received (that include life cycle cost estimates) for supply of mining equipment for both the pre-production pioneering and production mining fleet. At this stage electric vehicle options are not supported but are planned to be evaluated when available in this location.

Increased understanding of the Rubicon stockpiles from the Ore Reserve estimation process has led to a review of the previously beneficiated higher grade dumps as an export product. Analysis based on market prices for lithium mica mineral concentrate over the past 12-month support this.

A commodity trading company was appointed early in the quarter to arrange the sale and export of the previously processed and beneficiated stockpiles at Rubicon. A shipment of this material was exported in 2018. These stockpiles were brought into Probable Ore Reserves in February 2023, which provided an improved understanding of their tonnage, grade and associated economics. A logistics study has been completed for the transfer of stockpile material to the port at Walvis Bay.

Sustainability

During the year the Company completed the development of new Group Standards which adhere to the International Finance Corporation (IFC), World Bank, 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.

The Company is developing a Sustainability and Climate Change Strategy that will include publicly stated targets and a screening of the UN Guiding Principles on Business and Human Rights, which are expected to be finalised during the second half of 2023. IBIS Consulting, a leading sustainability consultancy, was appointed to support this Strategy work. IBIS has completed numerous Sustainability/ESG-related projects around the world including in Africa and the Middle East.

In addition to the Company's existing commitments to people and planet, project stakeholders – which include finance providers – increasingly want to see an established climate strategy and roadmap, as well as compliance with human rights guiding principles. Lepidico aims to showcase its Climate Strategy, along with its industry-leading sustainability credentials at the UN Climate Change Conference, COP28, being hosted year in Dubai in November/December 2023. Lepidico's Abu Dhabi commercial-scale lithium chemical plant will be the first of its kind in the Middle East and represents an enabler for further development initiatives in the electric vehicle supply chain within the UAE. Lepidico continues to work closely with its advisors and Abu Dhabi state-owned organisations for a strategic collaboration to develop its L-Max[®] lithium conversion plant.

During the year, the Board established a Sustainability & Risk Committee comprising three non-executive Directors, with a minimum of two independent Directors. The formation of the Sustainability & Risk Committee demonstrates Lepidico's commitment to responsible business conduct and represents an important step in building the Company's Sustainability governance framework.

In addition, the Company implemented Speeki software, which can be accessed on the Company's website, to support Lepidico's Whistleblower Policy.

Corporate Social Responsibility activities centred on an emergency maternity room for the community of Otjimbingwe, which was completed in June 2023 and handed over to the town in a ceremony in early July. The ceremony was attended by the Governor of the Erongo Region, the Executive Director for the Ministry of Health & Social Services, the Mayor of Karibib and the Chief of the Tsoaxudaman Traditional Authority as well as other dignitaries. Discussions have commenced with the Ministry of Health & Social Services to increase the utilisation of this new facility by offering it for pre and post-natal care.

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

Product Marketing

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 is acting as agent for 100% of the production of caesium sulphate solution from the KEZAD chemical plant.

Competition is intensifying for battery-grade lithium chemicals with industry-leading ESG credentials, evidenced by direct discussions with mid-stream and downstream participants in the EV supply chain. Further confidentiality agreements were entered into for lithium chemical supply during the year. The Company continues to work closely with Traxys to place the lithium hydroxide produced from Phase 1 on mutually beneficial terms that are sustainable, and effectively manage price risk for supplier and consumer throughout the lithium price cycle.

All forecast annual production of caesium from Phase 1 is now under either a letter of intent or has key terms agreed and/or a supply agreement being drafted. Caesium demand has grown to the point where upper volume limits have needed to be reduced in some instances. It is also encouraging that demand is starting to be seen for the supply of rubidium chemicals in commercial quantities. As previously advised, markets for the “Critical Minerals” caesium and rubidium are tightly controlled and 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. However, it is evident that caesium prices have appreciated significantly over the past two years as supply has tightened and the market will benefit from Lepidico providing a new source of supply.

All annual production of the Phase 1 chemical plant gypsum-rich residue is covered by letters of intent for commercial use in the construction industry. However, as noted by the Food and Agriculture Organization (FAO), soil amendments [such as gypsum] can contribute to carbon sequestration, thereby mitigating climate change. Additionally, a paper published in the journal Nature suggested that better land management, including the use of amendments like gypsum, could contribute 30% of the total global mitigation needed by 2050.

The International Center for Biosaline Agriculture (ICBA), a Dubai-based not-for-profit applied agricultural research centre, recently completed a phase of agricultural growth trials using L-Max/LOH-Max synthetic gypsum from the 2022 pilot plant trials. ICBA advised, “The gypsum byproduct project has shown significant promise as a soil amendment for production across a variety of crops including pearl millet, wheat, and squash. According to the study, the use of low-grade gypsum as a soil amendment had a positive impact on plant growth, above-ground biomass, and grain yield. These outcomes were observed in both fresh and saline water conditions, suggesting that gypsum is a versatile amendment that can enhance crop productivity in diverse environments. The successful implementation of this gypsum byproduct will require further research, quality control measures, and strategic collaborations, potentially making a substantial contribution to the agriculture industry and environmental sustainability.” Further work is now being considered.

Phase 2 Plant Scoping Study

A 25-hectare site has been identified in Walvis Bay, Namibia for a Phase 2 L-Max/LOH-Max chemical plant that can accommodate a capacity of up to 20,000tpa lithium carbonate equivalent coupled with an associated sulphuric acid plant. Work continues to secure cost estimates for key services and utilities to this site.

Site selection for a Phase 2 chemical plant in the United States continued with the 66 submissions received across 6 States reduced to a short list of 7. A more detailed assessment is now being undertaken by an external consultant with the selection of a preferred site, as well as a contingency site planned by the end of September 2023. Along with the Feasibility design for the Phase 1 chemical plant, the selection of a preferred site could support a domestic debt funding application via the Department of Energy Loans Programme.

Unsolicited enquiries continue to be received regards Lepidico’s process technologies, as new lithium mica occurrences are identified by third-parties, which could lead to other jurisdictions being considered for future L Max plants.

Two throughput scenarios are envisaged, a sister plant to Phase 1 with a nominal output capacity of 5,700tpa lithium hydroxide and a larger nominal 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 as well. To this end, additional sources of concentrate from third-party lithium mica mines continue to be evaluated, which could support the development of a global market for lithium mica concentrates, Lepidico's ultimate objective.

EXPLORATION²

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 are to extend the operating life of the Phase 1 Project to over

² 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 & Rubicon Stockpiles Upgrade to Mineral Resources"). The Mineral Resource estimates were completed 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 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"). The Mineral Resource estimates were completed by Vanessa O'Toole of Snowden Mining Consultants 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 Mineral Resource estimates for the Rubicon Tailings and the surface stockpiles at Helikon 1, Helikon 2 and Helikon 3 is extracted from an ASX Announcement dated 12 March 2021 ("Karibib Mineral Resource Expanded"). The Mineral Resource estimates were completed by Stephen Godfrey of Resource Evaluation Services 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, Helikon 1 Helikon 4, Rubicon Tailings and Rubicon Stockpiles Ore Reserves estimates is based on information compiled by John Wyche of Australian Mine Design and Development Pty Ltd, who is a Fellow of the Australian Institute of Mining and Metallurgy, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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 Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

Previously Reported Results

Reference in this report is made to the Company's ASX announcements dated 22 November 2022 ("Phase 1 Economics Updated & Improved"), 30 January 2023 ("Helikon 4 & Rubicon Stockpiles Upgrade to Mineral Resources") and 7 March 2023 ("Replacement Announcement – Helikon 4 Ore Reserve"). 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.

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 the year Lepidico completed a series of work programs at the Helikon 4 pegmatite and over the surface stockpiles at the historical Rubicon mine, to enable the reclassification of Inferred Resources as Indicated Resources, as reported on 30 January 2023 (“Helikon 4 & Rubicon Stockpiles Upgrade to Mineral Resources”).

Lepidico engaged Cube Consulting Pty Ltd (“Cube”) to update the Mineral Resource estimates (“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 1 & 2). 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 1. Mineral Resource Estimate for Helikon 4 (0.15% Li₂O cut-off); effective date 31 December 2022

Category	Domain	Tonnes	Li ₂ O	Cs	K	Rb	Ta
		(Mt)	(%)	(ppm)	(%)	(ppm)	(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 2. Rubicon Stockpiles Mineral Resource Estimate (0% Li₂O cut-off); effective date 31 December 2022

Stockpile	Category	Tonnes (Mt)	Li ₂ O (%)	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

Of the 1.31Mt grading 0.46% Li₂O in Indicated Mineral Resource at Helikon 4 just over 62% of the tonnes fall within the current pit design and thereby convert into Probable Ore Reserves.

Ore Reserves at Karibib were updated during the quarter, with 1.16Mt @ 0.62% Li₂O into Probable Reserves (Table 3) notionally added to the Phase 1 Project from Helikon 4 and the Rubicon stockpiles, for a total Proved and Probable inventory of 9.43Mt @ 0.43% Li₂O, which supports an operating life of 19 years. The estimate was prepared by Australian Mine Design and Development Pty Ltd (AMDAD), as reported on 7 March 2023. The estimation work was reported in accordance with the requirements of the JORC Code (2012).

Table 3. Karibib Project Ore Reserve Estimate

Pit	Mt	LiO ₂ %	Rb ppm	Cs ppm	Ta ppm	K %
Rubicon Pit						
Proved	1.60	0.50	2576	312	44	2.15
Probable	4.99	0.33	1866	204	31	2.13
Pit Total	6.59	0.37	2038	230	34	2.14
Waste	21.57					
Waste:Ore Ratio	3.3					
Helikon 1 Pit						
Proved	0.69	0.58	2234	458	54	1.73
Probable	0.99	0.46	2028	478	68	1.68
Pit Total	1.68	0.51	2113	470	62	1.70
Waste	2.22					
Waste:Ore Ratio	1.3					
Helikon 4 Pit						
Proved	0.00	0.00	0	0	0	0.00
Probable	0.82	0.51	2155	200	54	1.54
Pit Total	0.82	0.51	2155	200	54	1.54
Waste	3.06					
Waste:Ore Ratio	3.7					
Rubicon Stockpiles						
Proved	0.00	0.00	0	0	0	0.00
Probable	0.27	0.86	2863	415	63	2.29
Pit Total	0.27	0.86	2863	415	63	2.29
Waste	0.00					
Waste:Ore Ratio	0.0					
Rubicon Tailings						
Proved	0.00	0.00	0	0	0	0.00
Probable	0.07	0.99	4155	538	60	0.00
Pit Total	0.07	0.99	4155	538	60	0.00
Waste	0.00					
Waste:Ore Ratio	0.0					
Total Project						
Proved	2.29	0.52	2472	356	47	2.02
Probable	7.14	0.40	1982	253	40	1.99
Total Ore	9.43	0.43	2101	278	42	2.00
Waste	23.79					
Waste:Ore Ratio	2.5					

Notes:

1. The tonnes and grades shown in the Total's rows are stated to a number of significant figures reflecting the confidence of the estimate. The table may nevertheless show apparent inconsistencies between the sum of components and the corresponding rounded totals.
2. The deposit has been assessed based on lithium grades in parts per million. For consistency of reporting with other projects the Ore Reserve grades are presented in terms of Li₂O %. 1% Li₂O is equal to 4645 ppm Li.

During the year 13 diamond core holes were drilled at Helikon 3 for just over 520 m along with a further diamond core program at Helikon 4 with 4 diamond twin holes and 4 large diameter geotechnical core holes at Helikon 4, and 5 infill holes between Helikon 3 and 4. Assays were received from 13 core holes drilled at Helikon 3.

The mineralised pegmatite becomes thinner and fragmented with attenuated lithium grades at Helikon 3, which lies to the east of Helikon 4. Similarly, the previously undrilled zone between Helikon 3 and 4 confirmed this transition.

Results from the diamond twin holes at Helikon 4 demonstrate a good correlation of both width and grade of intercepts with previous RC drilling.

Drilling will continue to test down-dip extensions of the Helikon 4 system and at Helikon 2, to the east of Helikon 3.

Regional Exploration and Scout Drilling

Further exploration work in the area of former petalite mine workings discovered within EPL5439 identified a series of Lithium-Caesium-Tantalum (LCT) pegmatites ranging from 1m to 10m in thickness. Land access has been granted from 1 September 2023 to drill these priority LCT pegmatite targets, where lepidolite has been identified in the outcrop and in old lepidolite-petalite workings. Similar to the Helikon 2-5 trend, these old workings are not continuous but extend over approximately 1.5km of strike.

Another land access agreement has been entered into which allowed reconnaissance work to be undertaken at another LCT target within EPL5439. Pegmatites were identified with evidence of strong fractionation (K/Rb ratio < 50) but, to date, with low lithium and rubidium values. Follow up work is planned.

Assays from a gold target within EPL5439 returned anomalous values for both gold and associated tracer elements. Multi-element soil geochemistry (69 samples) suggests a weak anomaly associated with the contact of calc-silicate rocks and country rock marble, which is a potential dilation zone for the influx of hydrothermal fluids. Further geostatistical analysis is planned.

CORPORATE

Cash and Facilities

At 30 June 2023, the Company held \$10.8 million in cash and cash equivalents.

During the year the Company entered into a Revolving Vehicle Financing Facility for N\$2M (approximately A\$169,000) to acquire three vehicles for use by the Namibian based team.

COVID-19

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.

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, 75,000,000 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.

On 26 February 2023, 5,967,000 unlisted options with an exercise price of \$0.35 expired out-of-the-money.

On 19 June 2023, 478,038,825 listed options with an exercise price of \$0.026 expired out-of-the-money.

Project Finance

During the year the Independent Expert (IE) appointed by the US Government's Development Finance Corporation (DFC) provided an updated technical due diligence summary report, which takes into account the pilot plant trials undertaken in 2022, completion of Phase 1 control estimates and schedules, and the associated revised project economics. This report concludes the IEs due diligence scope of work.

DFC's legal counsel has completed its initial due diligence of the integrated Phase 1 Project and now awaits details for the stakeholders that will provide funding for the Abu Dhabi chemical plant in order to progress further.

In parallel, advisor Cygnum Capital (formerly Lion's Head Global Partners) is advising Lepidico for a strategic collaboration on the KEZAD chemical plant with an Abu Dhabi state owned organisation. There continues to be strong support from KEZAD and its parent ADP for the Phase 1 lithium conversion plant, which represents an enabler for further direct foreign investments in EV supply chain developments within Abu Dhabi.

Cygnum Capital is also advancing discussions with other Development Finance Institutions, commercial lenders and export credit agencies for debt finance for the Abu Dhabi chemical plant

development, with credit approvals expected to be sought by lenders following completion of due diligence.

Other strategic equity options are also being pursued under the advisory agreement with Jefferies, which along with debt are intended to provide alternatives for a full Phase 1 funding package.

Patents & Trademarks

At 30 June 2023, 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, Canada, 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 2024.

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

Legal Dispute

On 31 May 2023, the Company learned that Jiangxi Jinhui Lithium Co., Ltd (Jinhui), a private Chinese corporation filed a Notice of Arbitration under the Arbitration Rules of the Singapore International Arbitration Centre (Notice).

The Notice is in connection with the offtake agreement between Desert Lion Energy (Pty) Ltd (subsequently renamed Lepidico Chemicals Namibia (Pty) Ltd) and Jinhui dated 6 November 2017 and later amended on 13 February 2018, which provided for the sale of material located in the stockpile at the Karibib project in Namibia and expired on 16 November 2022 (the Offtake Agreement).

The Notice includes a claim in the sum of US\$4.6 million, being the amount received from Jinhui in accordance with the Offtake Agreement.

The Company has retained Singaporean, Canadian and Namibian litigation counsel and on 27 June 2023 submitted its Response to Notice of Arbitration in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (SIAC). The next steps in the matter include formal appointment of each parties' nominated arbitrators and the two appointed arbitrators agreeing a joint nomination as the third arbitrator.

The Company believes that the arbitration is without merit and intends to vigorously defend itself.

EXTERNAL FACTORS AND MATERIAL BUSINESS RISKS AFFECTING COMPANY RESULTS

The Company operates in an uncertain economic environment when trying to deliver results in accordance with its strategic objectives. Its financial results are subject to various risks and uncertainties, some which are outside the reasonable control of the Company.

The Company's Board and management identify, monitor and manage risks through its Risk Management Framework, and where possible, attempt to mitigate the risk of adverse outcomes through the adoption of controls and mitigation strategies.

The following factors are all capable of having a material adverse effect on the Company's business, affecting the Company results and impacting the Company's prospects for future financial years.

Additional requirements for capital

The Company's capital requirements depend on numerous factors. The development of the Phase 1 Project is dependent on the Company's ability to secure further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

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

Increases in capital and operating costs

The actual capital and operating costs could be significantly higher than the estimates, particularly if there are material changes in project scope or delays to the construction of the Phase 1 Chemical Plant or significant movements in inflationary factors.

Commodity price fluctuations

The Company is seeking to develop projects which will be reliant on the prices of various commodities including lithium chemicals and various by-products. Lithium chemicals are considered to be specialty industrial chemicals and the sales prices for the different lithium compounds are not public. Lithium chemicals are not traded commodities like base and precious metals. Therefore, it is possible that the sales prices used in the Definitive Feasibility Study will be different than the actual prices at which the Company is able to sell its lithium compounds. Commodity and product prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include foreign currency fluctuation, worldwide and regional supply and demand for commodities and chemicals, industrial disruption, forward selling by producers and production cost levels, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Technology Risk

L-Max[®] and LOH-Max[®] are new process technologies that have only been tested at pilot scale. The technologies have not been scaled up and tested and may not be technically feasible, may not perform the process as it was designed, may prove uneconomic, unreliable and may not be developed on a timely basis.

Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

Although the Company is not aware of any third party interests in relation to its technologies, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its technologies, there can be no assurance that these measures have been or will be sufficient.

Operational and technical risks

The operations of the Company may be affected by various factors, including but not limited to:

- a) Failure to locate or identify mineral deposits;
- b) Failure to achieve predicted grades and tonnes in exploration and mining;
- c) Operational and technical difficulties encountered in mining;
- d) Insufficient or unreliable infrastructure, such as power, water and transport;
- e) Difficulties in commissioning and operating plant and equipment;
- f) Mechanical failure or plant breakdown;
- g) Unanticipated metallurgical problems which may affect extraction costs;
- h) Adverse weather conditions;
- i) Industrial and environmental accidents;
- j) Industrial disputes and labour shortages; and
- k) Unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Government licences and approvals

Lepidico through its direct and indirect participation in corporations, partnerships or joint ventures has interests in properties in Namibia. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements. Outcome in courts in other jurisdictions may be less predictable than in Australia, which could affect the enforceability of contracts entered into.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations of Lepidico. Lepidico has made its investment and strategic decisions based on the information currently available to the Directors, however, should there be any material change in the political, economic, legal and social environments in UAE, and Namibia the Directors may reassess investment decisions and commitments to assets in these jurisdictions.

International Operations

Any potential future operations of Lepidico in overseas jurisdictions are subject to a number of risks, including:

- a) geo-politics associated with competition for critical minerals that could impact financing and product supply arrangements;
- b) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- c) potential difficulties in protecting rights and interests in assets; and
- d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

any of these factors could materially and adversely affect Lepidico's business, results of operations and financial condition.

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 2023 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[®] and LOH-Max[®] and the ongoing growth, exploration and development of its portfolio of lithium interests.

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

INSURANCE AND INDEMNITY OF OFFICERS AND AUDITORS

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

DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2023, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

OPTIONS

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

Number	Exercise Price	Grant	Expiry
67,500,000	\$0.012	19 November 2020	19 November 2023
18,090,000	\$0.020	11 July 2019	14 January 2024
527,777,631	\$0.030	4 November 2022	4 November 2024
67,500,000	\$0.072	18 November 2021	18 November 2024
109,500,000	\$0.026	28 November 2022	28 November 2025
<u>790,367,631</u>			

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 2023 is included on page 30 of the Directors' Report.

The Auditor did not provide any non-audit services for the year ended 30 June 2023 (2022: \$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. The Nomination & Remuneration Committee 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 Nomination & 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 Nomination & Remuneration Committee reviewed elements of KMP remuneration for the year commencing 1 July 2023 including the provision of comparative information relating to the KMP remuneration for the Company's peers and provided recommendations to the Board. The recommendations from the Nomination & 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 & Joint Company Secretary
Mr Peter Walker	GM – Project Development (ceased being KMP on 31 August 2022)
Ms Benedicta Uris	GM – Sustainability

Mr Hans Daniels	GM – Operations UAE (appointed 11 July 2022)
Mr Timo Ipangelwa	GM – Operations Namibia (appointed 1 August 2022)
Mr Roland Wells ⁽¹⁾	Project Director (appointed 1 September 2022)
Mr Tom Dukovic	GM – Geology
Mr Alex Neuling ⁽²⁾	Joint Company Secretary

- (1) Mr Roland Wells provides services as the Project Director through a services agreement with Project Creations Pty Ltd (Project Creations)
- (2) Mr Neuling provides services as a Joint Company Secretary through a services agreement with Erasmus Consulting Pty Ltd (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 since 1 December 2018 are:

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

Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholders' interests, Directors 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.

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 Nomination & Remuneration 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 the completion of the Chemical Plant FEED and the grant of the detailed planning approval. In addition, the power supply for the Karibib Project in Namibia was secured. The mine life was extended to 19 years. The Company completed a successful Entitlements Offer securing \$19 million in funding with significant progress made with DFC due diligence. The Company continued to ensure the health and safety of its employees.

For the year ended 30 June 2023, STIs of \$842,562 (including superannuation) were awarded to KMP of the Company or Group with payment deferred until the Company satisfies certain KPIs (2022: \$401,146). The number of KMP eligible for an STI for the year ended 30 June 2023 were 7 (2022:4).

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-operations 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.

	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$
Net Profit/(Loss)	(5,105,014)	(10,118,237)	\$282,556	(7,941,340)	(3,604,123)
EPS	(0.002)	(0.002)	0.00006	(0.00127)	(0.0005)
Share price at 30 June	0.026	0.007	0.01	0.026	0.011

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.

		Short-term Benefits		Post-employment Benefits	Share-based Payments	Total
		Cash Salary and Fees	Other (STI)	Retirement Benefits	Equity Options	
					Vested	
		\$	\$	\$	\$	\$
Non-Executive Directors						
Mr Gary Johnson	2023	100,000	-	10,500	52,500	163,000
	2022	100,000	-	10,000	202,500	312,500
Mr Mark Rodda	2023	80,000	-	8,400	52,500	140,900
	2022	80,000	-	8,000	202,500	290,500
Ms Cynthia Thomas	2023	88,400	-	-	52,500	140,900
	2022	88,000	-	-	202,500	290,500
Executive Director						
Mr Joe Walsh ⁽¹⁾	2023	521,448	267,116	-	105,000	893,564
	2022	408,317	161,157	-	405,000	974,474
Executives						
Mr Tom Dukovcic	2023	248,869	83,325	26,131	70,000	428,325
	2022	218,182	55,776	21,818	270,000	565,776
Mr David Hall ⁽²⁾	2023	257,164	85,695	27,002	70,000	439,861
	2022	-	-	-	-	-
Ms Shontel Norgate ⁽³⁾	2023	400,468	123,086	-	70,000	593,554
	2022	321,209	79,236	-	270,000	670,445
Ms Benedicta Uris ⁽⁴⁾	2023	239,897	73,154	-	70,000	383,051
	2022	49,101	14,482	-	-	63,583
Mr Hans Daniels ⁽⁵⁾	2023	421,406	129,116	-	70,000	620,522
	2022	-	-	-	-	-
Mr Timo Ipangelwa ⁽⁶⁾	2023	206,892	62,791	-	70,000	339,683
	2022	-	-	-	-	-
Mr Roland Wells ⁽⁷⁾	2023	320,101	-	-	-	320,101
	2022	-	-	-	-	-
Mr Peter Walker ⁽⁸⁾	2023	106,738	-	-	-	106,738
	2022	405,407	90,495	-	270,000	765,902
Mr Alex Neuling ⁽⁹⁾	2023	54,100	-	-	28,000	82,100
	2022	45,425	-	-	-	45,425
Total Directors' and KMP Remuneration	2023	3,045,483	824,283	72,033	710,500	4,652,299
	2022	1,715,641	401,146	39,818	1,822,500	3,979,105

- (1) Mr Walsh is remunerated in Canadian dollars and his total salary paid was C\$465,500 (2022: C\$375,000). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.1202 (2022: C\$1.00 for every A\$1.0888).
- (2) Mr Hall joined the Company as GM-Marketing & Investor Relations on 1 August 2022.
- (3) Ms Norgate is remunerated in Canadian dollars and her total salary paid was C\$357,500 (2022: C\$295,000). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.1202 (2022: C\$1.00 for every A\$1.0888).
- (4) Ms Uris joined the Company as GM-Sustainability on 20 April 2022. Ms Uris is remunerated in Namibian dollars and her total salary paid was N\$3,022,224 (2022:N\$542,040). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of N\$1.00 for every A\$0.0794 (2022: N\$1.00 for every A\$0.0906).
- (5) Mr Daniels joined the Company as GM-Operations UAE on 11 July 2022. Mr Daniels is remunerated in UAE Dirham and his total salary paid was AED1,044,339 (2022: Nil). The company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of AED1.00 for every A\$0.4053 (2022: Nil)

- (6) Mr Ipangelwa joined the Company as GM-Operations Namibia on 1 August 2022. Mr Ipangelwa is remunerated in Namibian dollars and his total salary paid was N\$2,606,428 (2022: Nil). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of N\$1.00 for every A\$0.0794 (2022: Nil).
- (7) Mr Wells commenced providing services as the Project Director through a services agreement with Project Creations Pty Ltd (Project Creations) on 1 September 2022. During the year Project Creations was paid or is payable fees of \$320,101 (2022: Nil) for the provision of project management services for the Phase 1 Project.
- (8) Mr Walker ceased being a KMP on 31 August 2022. Mr Walker is remunerated in Great British pounds and his total salary paid was GBP£56,760 (2022: GBP£221,020). 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\$1.8805 (2022: GBP£1.00 for every A\$1.88343)
- (9) 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 \$54,100 (2022: \$45,425) 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

	2023 \$	2022 \$
Payments to director-related entities ⁽¹⁾	766,749	2,609,905

- (1) Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were for development of L-Max[®] technology on an arm's length basis. As at 30 June 2023 invoices totalling \$2,866 (2022: \$141,777) 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\$465,500 per annum. Mr Walsh did not receive an increase to base salary during the reporting period. A monetary bonus of C\$235,078 has been awarded for the financial year ended 30 June 2023 (2022: C\$139,500). Payment of the bonus will be deferred until satisfaction of certain KPIs.

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 Dukovic, 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 Dukovic's remuneration includes a salary of \$275,000 per annum inclusive of superannuation. Mr Dukovic did not receive an increase to base salary during the reporting period. A monetary bonus of \$83,325 (inclusive of superannuation) has been awarded for the financial year ended 30 June 2023 (2022: \$55,776). Payment of the bonus will be deferred until satisfaction of certain KPIs.

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).

Mr David Hall, General Manager – Marketing & Investor Relations (MIR) has an employment agreement with the Group commencing 1 August 2022. The agreement specifies duties and obligations to be fulfilled as MIR and provides for an annual review of base remuneration taking into account performance. Mr Hall's remuneration includes a salary of A\$310,000 per annum, inclusive of superannuation. Mr Hall did not receive an increase to base salary during the reporting period. A monetary bonus of A\$85,695 (inclusive of superannuation) has been awarded for the financial year ended 30 June 2023 (2022: Nil). Payment of the bonus will be deferred until satisfaction of certain KPIs.

Termination of the employment agreement requires 3 months written notice. Upon termination, the MIR 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 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).

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\$357,500 per annum. Ms Norgate did not receive an increase to base salary during the reporting period. A monetary bonus of C\$108,323 has been awarded for the financial year ended 30 June 2023 (2022: C\$68,587). Payment of the bonus will be deferred until satisfaction of certain KPIs.

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).

Ms Benedicta Uris, General Manager – Sustainability (GMS) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as GMS and provides for an annual review of base remuneration taking into account performance. Ms Uris' remuneration includes a salary of N\$3,022,224 per annum. Ms Uris did not receive an increase to base salary during the reporting period. A monetary bonus of N\$915,734 has been awarded for the financial year ended 30 June 2023 (2022: N\$162,680). Payment of the bonus will be deferred until satisfaction of certain KPIs.

Termination of the employment agreement requires 3 months written notice. Upon termination, the GMS 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.

Mr Timo Ipangelwa, General Manager – Operations Namibia (ON) has an employment agreement with the Group commencing 1 August 2022. The agreement specifies duties and obligations to be fulfilled as ON and provides for an annual review of base remuneration taking into account performance. Mr Ipangelwa's remuneration includes a salary of N\$2,606,428 per annum. Mr Ipangelwa did not receive an increase to base salary during the reporting period. A monetary bonus of N\$786,010 has been awarded for the financial year ended 30 June 2023 (2022: Nil). Payment of the bonus will be deferred until satisfaction of certain KPIs.

Termination of the employment agreement requires 3 months written notice. Upon termination, the ON 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.

Mr Hans Daniels, General Manager – Operations UAE (OU) has an employment agreement with the Group commencing 11 July 2022. The agreement specifies duties and obligations to be fulfilled as OU and provides for an annual review of base remuneration taking into account performance. Mr Daniel's remuneration includes a salary of AED1,071,996 per annum. Mr Daniels did not receive an increase to base salary during the reporting period. A monetary bonus of AED315,026 has been awarded for the financial year ended 30 June 2023 (2022: Nil). Payment of the bonus will be deferred until satisfaction of certain KPIs.

Termination of the employment agreement requires 3 months written notice. Upon termination, the OU 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 end of service benefit.

Effective from 1 September 2022, Mr Peter Walker's role transitioned to Technical Advisor the Board. Mr Walker is employed on a casual basis based on the number of days worked and earned a salary of GBP56,700 for the financial year (2022: GBP221,020). Mr Walker did not receive an increase to base rate during the reporting period.

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:

2023	Balance at start of year	Purchased	Exercised Options	Sold	Other Net Change	Balance at end of year
Non-Executive Directors						
Mr Gary Johnson	335,358,326	5,430,871	-	-	-	340,789,197
Mr Mark Rodda	-	-	-	-	-	-
Ms Cynthia Thomas	-	-	-	-	-	-
Executive Director						
Mr Joe Walsh	35,468,572	1,746,858	-	-	-	37,215,430
Key Management						
Mr Tom Dukovcic	6,608,446	-	-	-	-	6,608,446
Ms Shontel Norgate	14,314,022	-	-	-	-	14,314,022
Ms Benedicta Uris	-	-	-	-	-	-
Mr Timo Ipangelwa	-	-	-	-	-	-
Mr Hans Daniels	-	-	-	-	-	-
Mr David Hall	-	-	-	-	-	-
Mr Roland Wells	-	379,500	-	-	-	379,500
Mr Peter Walker ⁽¹⁾	-	-	-	-	-	-
Mr Alex Neuling	3,898,495	-	-	-	-	3,898,495
Total	395,647,861	7,557,229	-	-	-	403,205,090

⁽¹⁾ Mr Walker ceased being a KMP on 31 August 2022

Option Holdings

2023	Balance at start of year	Granted during the year as remuneration	Purchased during year	Expired during year	Net Other Change	Balance at end of year	* Vested and exercisable at end of year
Non-Executive Directors							
Mr Gary Johnson	23,927,955	7,500,000	2,665,436	(8,927,955)	-	25,165,436	25,165,436
Mr Mark Rodda	22,500,000	7,500,000	-	(7,500,000)	-	22,500,000	22,500,000
Ms Cynthia Thomas	22,500,000	7,500,000	-	(7,500,000)	-	22,500,000	22,500,000
Executive Directors							
Mr Joe Walsh	45,944,286	15,000,000	873,429	(15,944,286)	-	45,873,429	45,873,429
Key Management							
Mr Tom Dukovcic	30,000,000	10,000,000	-	(10,000,000)	-	30,000,000	30,000,000
Ms Shontel Norgate	30,000,000	10,000,000	-	(10,000,000)	-	30,000,000	30,000,000
Ms Benedicta Uris	-	10,000,000	-	-	-	10,000,000	10,000,000
Mr Timo Ipangelwa	-	10,000,000	-	-	-	10,000,000	10,000,000
Mr Hans Daniels	-	10,000,000	-	-	-	10,000,000	10,000,000
Mr David Hall	-	10,000,000	-	-	-	10,000,000	10,000,000
Mr Roland Wells	-	-	17,250	-	-	17,250	17,250
Mr Peter Walker ⁽¹⁾	20,000,000	-	-	-	(20,000,000)	-	-
Mr Alex Neuling	4,171,757	4,000,000	-	(4,171,757)	-	4,000,000	4,000,000
Total	199,043,998	101,500,000	3,556,115	(64,043,998)	(20,000,000)	220,056,115	220,056,115

⁽¹⁾ Mr Walker ceased being a KMP on 31 August 2022

Details of the share options granted during the year as remuneration are disclosed in Note 18(b) as approved by shareholders at the Company's Annual General Meeting in November 2022.

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 22nd day of September 2023

**AUDITOR'S 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, during the year ended 30 June 2023, there have been:

- a) no contraventions of the auditor independence requirements as set out in 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 22nd day of September 2023

Consolidated Statement of Profit and Loss and Other Comprehensive Income as at 30 June 2023

	Note	2023 \$	2022 \$
Continuing Operations			
Other income	3	7,023,495	49,603
Business development expenses		(951,606)	(680,048)
Administrative expenses	4	(2,788,500)	(2,032,681)
Employment benefits		(4,170,551)	(2,121,351)
Depreciation		(571,325)	(411,213)
Share based payments		(766,500)	(1,822,500)
Finance costs		(632,296)	(393,003)
Exploration and evaluation expenditure expensed		(46,162)	(452,275)
R&D expenditure expensed		(56,901)	-
Loss before income tax		(2,960,346)	(7,863,468)
Income tax expense	5	(643,777)	(77,872)
Loss from continuing operations after tax		(3,604,123)	(7,941,340)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(667,754)	159,065
Total comprehensive loss for the year		(4,271,877)	(7,782,275)
Comprehensive loss for the year attributable to:			
Owners of the parent		(4,311,630)	(7,550,699)
Non-controlling interest		707,507	(231,576)
		(3,604,123)	(7,782,275)
Loss per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted loss per share	7	(0.0005)	(0.00127)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	10,828,962	8,042,822
Trade and other receivables	9	703,453	2,204,232
TOTAL CURRENT ASSETS		11,532,415	10,247,054
NON-CURRENT ASSETS			
Trade and other receivables	9	728,135	632,379
Property, plant and equipment	10	17,061,890	8,590,777
Exploration and evaluation expenditure	11	48,356,862	46,763,770
Intangible asset	12	28,773,120	29,065,361
TOTAL NON-CURRENT ASSETS		94,920,007	85,052,287
TOTAL ASSETS		106,452,422	95,299,341
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,130,854	1,986,170
Provisions	14	268,115	157,698
Borrowings and lease liabilities	15	595,277	279,751
Deferred Revenue	16	-	6,613,159
TOTAL CURRENT LIABILITIES		2,994,246	9,036,778
NON-CURRENT LIABILITIES			
Provisions	14	808,068	691,969
Borrowings and lease liabilities	15	7,136,646	6,744,318
Deferred Tax Liability	5	3,055,201	2,384,718
TOTAL NON-CURRENT LIABILITIES		10,999,915	9,821,005
TOTAL LIABILITIES		13,994,161	18,857,783
NET ASSETS		92,458,261	76,441,558
EQUITY			
Issued capital	17	122,261,186	102,655,726
Reserves	18	8,060,081	8,044,715
Equity component of convertible note		990,000	990,000
Accumulated losses		(45,964,902)	(41,653,272)
Equity attributable to owners of the Parent		85,346,365	70,037,169
Non-controlling interests		7,111,896	6,404,389
TOTAL SHAREHOLDERS EQUITY		92,458,261	76,441,558

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the Year ended 30 June 2023

	Attributable to the owners of the Company							Non Controlling Interest	Total Equity
	Issued Capital	Reserves			Equity component of convertible note	Accumulated Losses	Total		
		Options	Warrants	Foreign Currency					
		\$	\$	\$					
Balance at 1 July 2021	94,656,278	5,345,140	415,135	850,669	990,000	(33,943,508)	68,313,714	6,635,965	74,949,679
Loss for the year	-	-	-	-	-	(7,709,764)	(7,709,764)	(231,576)	(7,941,340)
Other comprehensive loss	-	-	-	159,064	-	-	159,064	-	159,064
Options issued	-	1,822,500	-	-	-	-	1,822,500	-	1,822,500
Options exercised	7,451,655	-	-	-	-	-	7,451,655	-	7,451,655
Fair value of options exercised	547,793	(547,793)	-	-	-	-	-	-	-
Balance at 30 June 2022	102,655,726	6,619,847	415,135	1,009,733	990,000	(41,653,272)	70,037,169	6,404,389	76,441,558
Loss for the year	-	-	-	-	-	(4,311,630)	(4,311,630)	707,507	(3,604,123)
Other comprehensive loss	-	-	-	(667,754)	-	-	(667,754)	-	(667,754)
Shares issued (net of costs)	18,307,021	-	-	-	-	-	18,307,021	-	18,307,021
Options issued	-	766,500	-	-	-	-	766,500	-	766,500
Options exercised	1,215,059	-	-	-	-	-	1,215,059	-	1,215,059
Fair value of options exercised	83,380	(83,380)	-	-	-	-	-	-	-
Balance at 30 June 2023	122,261,186	7,302,967	415,135	341,979	990,000	(45,964,902)	85,346,365	7,111,896	92,458,261

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flow For the Year ended 30 June 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(6,777,822)	(4,969,220)
Payment of land lease deposit		-	(514,769)
Interest received		274,374	1,442
Interest paid		(6,649)	-
Payments made in relation to legal dispute		(251,132)	-
Net cash provided by/(used in) operating activities	22	(6,761,229)	(5,482,547)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation activities		(3,386,010)	(3,063,640)
Payments for research and development activities		(385,420)	(5,478,367)
Proceeds from research and development tax credit		2,181,799	-
Payments for property, plant and equipment		(8,232,247)	(98,586)
Proceeds from property, plant and equipment		-	9,562
Net cash used in investing activities		(9,821,878)	(8,631,031)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of costs)		18,307,021	-
Proceeds from exercise of options (net of costs)		1,215,059	7,432,350
Proceeds from borrowings		169,114	-
Repayment of borrowings		(6,980)	-
Net cash provided by financing activities		19,684,214	7,432,350
Net increase/(decrease) in cash held		3,101,107	(6,681,228)
Cash at beginning of financial year		8,042,822	14,738,020
Effect of foreign exchange rate changes		(314,967)	(13,970)
Cash at end of financial year	8	10,828,962	8,042,822

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the Year ended 30 June 2023

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 22nd September 2023 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. Further, the consequences of the COVID-19 pandemic have negatively impacted the global economy and created volatile market dynamics.

For the year ended 30 June 2023, the Group incurred a net loss after tax of \$3,604,123 and a net cash outflow from operations of \$6,761,229. On 30 June 2023, the Company had net current assets of \$8,538,169.

The financial report has been prepared on a going concern basis which the Directors consider to be appropriate as they believe that the Group will be able to raise additional capital as required based on existing standby equity raising facilities in place and the successful outcome of previous Entitlement Offers. The Company is well advanced in its discussions with financial institutions in relation to securing debt financing for the Phase 1 Project. 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 future availability of finance may be adversely affected.

(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 and liabilities acquired (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.

(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.

(g) Leases (the Group as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

The present value of the lease liability is increased by the interest cost and decreased by the lease payment each period over the life of the lease. The Group includes right of use leased assets separately in Property, Plant, Equipment disclosures. All new contracts of the Group are assessed on an ongoing basis to determine if a right of use asset exists and if they require recognition under the requirements of the lease standard.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(h) 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.

(i) 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.

(j) 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 effective hedging relationships).

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

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

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

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

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

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

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

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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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).

(q) 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.

(r) 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 Assets (Research & Development Expenditure)

The recoverability of capitalised research & 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 12 for details of how the research and 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).

(s) 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.

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

None noted.

(u) New Accounting Standards for Application in Future Periods

None noted.

(v) Comparative Figures

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

Note 2: Interests in other entities

(a) Controlled entities

The Group's principal subsidiaries at 30 June 2023 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
		2023	2022	
Parent Entity:				
Lepidico Ltd	Australia			
Subsidiaries of Lepidico Ltd:				
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	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 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	100	Dormant
Lepidico Chemicals Manufacturing Ltd	UAE	100	100	Developer of Phase 1 Chemical Plant

(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

	2023 \$	2022 \$
Current assets	317,194	727,828
Current liabilities	(418,903)	(7,124,841)
Current net assets/(liabilities)	(101,709)	(6,397,013)
Non-current assets	22,492,194	20,479,630
Non-current liabilities	(9,985,017)	(5,876,033)
Non-current net assets	12,507,177	14,603,597
Net assets	12,405,468	8,206,584
Accumulated NCI	7,111,896	6,404,389

Summarised statement of comprehensive income

	2023	2022
	\$	\$
Revenue	6,448,227	8,157
Profit/(Loss) for the period	4,084,240	(1,157,879)
Other comprehensive income	114,644	(542,372)
Total comprehensive income	4,198,884	(1,700,251)
Profit/(Loss) allocated to NCI	707,507	(231,576)

Summarised cashflows

	2023	2022
	\$	\$
Cash flows from operating activities	(1,259,874)	(608,101)
Cash flows used in investing activities	(2,433,272)	(2,765,633)
Cash flows from financing activities	3,214,403	2,507,007
Net increase/(decrease) in cash and cash equivalents	(478,743)	(866,727)

Under 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.

Note 3: Revenue

	2023	2022
	\$	\$
Other Income		
Deferred revenue recognised on termination	6,447,728	-
Interest	274,374	1,442
Profit on Sale of Fixed Assets	-	8,157
Realised FX gain	301,393	37,742
Other	-	2,262
Other Income	7,023,495	49,603
Total Revenue	7,023,495	49,603

Note 4: Administrative Expenses

	2023	2022
	\$	\$
Office & general	758,837	452,434
Professional services	859,757	682,737
Compliance related	588,172	666,536
Travel	370,528	230,974
Total Administrative Expenses	2,577,294	2,032,681

Other Significant Administrative Expenses

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

Legal Dispute	211,206	-
Total Administrative Expenses	2,788,500	2,032,681

Note 5: Income Tax Expense

	2023	2022
	\$	\$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	643,777	77,872
Losses recouped not previously recognised	-	-
Income tax expense reported in statement of comprehensive income	<u>643,777</u>	<u>77,872</u>
(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% (2022:30%)	(888,104)	(2,359,040)
Add tax effect of:		
- Share based payments	229,950	546,750
- Foreign expenditure	168,923	-
- Deferred tax balances not recognised	441,008	2,215,209
- Foreign tax rate differential	76,497	(51,423)
- Adjustments to income tax of previous years	11,545	(120,468)
- Permanent impact of R&D Claims	436,816	-
- Other non-allowable items	167,142	(153,156)
Less tax effect of:		
- Deferred tax balances not recognised	-	-
- Losses recouped not previously recognised	-	-
Income tax expense reported in statement of comprehensive income	<u>643,777</u>	<u>77,872</u>

(c)	Deferred tax recognised:		
	Deferred Tax Liabilities:		
	Karibib assets	(3,055,201)	(2,384,718)
	Exploration expenditure	(4,245)	(4,245)
	L-Max [®] Technology	(718,190)	(298,445)
	L-Max [®] Pilot Plant	(727,762)	(726,432)
	Other	(22,082)	(17,416)
	Deferred Tax Assets:		
	Carry forward revenue losses	1,472,279	1,046,538
	Net deferred tax	<u>(3,055,201)</u>	<u>(2,384,718)</u>
(d)	Unrecognised deferred tax assets:		
	Carry forward revenue losses	12,407,009	11,346,995
	Capital raising and other costs	103,877	136,339
	L-Max Licence	21,826	21,826
	Borrowing costs	38,624	-
	Bright Minz acquisition	2,520	-
	Provision and accruals	94,218	32,272
		<u>12,668,074</u>	<u>11,537,432</u>

(e) Tax consolidation

Lepidico and its wholly owned Australian resident subsidiaries formed a tax consolidated group effective 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 amount sufficient to enable the benefits to be utilised;
- The Company continues to comply with the conditions of deductibility imposed by law; and
- No changes in income tax legislation adversely affect the Company in utilising the benefits

Note 6: Auditor's Remuneration

	2023	2022
	\$	\$
Audit remuneration paid to the auditor of the parent entity	53,080	50,354
Audit remuneration paid to a subsidiary auditor (CRVW and Co)	40,892	38,544
	<u>93,973</u>	<u>88,898</u>

Note 7: 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.

	2023	2022
	\$	\$
Profit/(Loss) attributable to the ordinary equity holders of the Company	(0.0005)	(0.00127)
	\$	\$
Profit/(Loss) from continuing operations	(3,604,123)	(7,941,340)
	No.	No.
Weighted average number of ordinary shares	7,251,386,048	6,247,028,694

Note 8: Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	10,828,962	8,042,822

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24.

Note 9: Trade and Other Receivables

	2023	2022
	\$	\$
Current		
Prepaid expenses	201,537	120,108
R&D tax rebate receivable	220,000	1,503,314
Goods and services tax receivable	281,916	580,810
Total Current Trade and Other Receivables	703,453	2,204,232
Non-Current		
Cash backed guarantees and deposits	728,135	632,379
Total Non-Current Trade and Other Receivables	728,135	632,379
Total Trade and Other Receivables	1,431,588	2,836,611

Note 10: Property, Plant and Equipment

	Buildings & Infrastructure	Furniture, Fittings & Equipment	Motor Vehicles	Assets under Development	Right of Use Asset	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance at 1 July 2021	1,741,511	333,986	215,359	2,392,807	-	4,683,663
Additions	19,586	75,293	3,707	-	6,835,463	6,934,049
Disposals	-	(84,048)	(25,536)	(2,392,807)	-	(2,502,391)
Impact of foreign exchange	-	(17,844)	(12,176)	-	446,000	415,980
Balance at 30 June 2022	1,761,097	307,387	181,354	-	7,281,463	9,531,301
Additions	7,631	43,896	192,318	8,483,320	-	8,727,165
Disposals	-	(20,066)	-	-	-	(20,066)
Impact of foreign exchange	(19,585)	(9,123)	(380)	-	275,319	246,231
Balance at 30 June 2023	1,749,143	322,094	373,292	8,483,320	7,556,782	18,484,631
Accumulated Depreciation						
Balance at 1 July 2021	289,830	189,917	142,028	2,392,807	-	3,014,582
Depreciation	147,503	41,869	23,301	-	198,540	411,213
Disposals	-	(43,688)	(25,537)	(2,392,807)	-	(2,462,032)
Impact of foreign exchange	(20,400)	(6,606)	(6,626)	-	10,393	(23,239)
Balance at 30 June 2022	416,933	181,492	133,166	-	208,933	940,524
Depreciation	207,002	46,697	19,504	-	298,122	571,325
Disposals	-	(20,066)	-	-	-	(20,066)
Impact of foreign exchange	(53,262)	(13,087)	(14,550)	-	11,857	(69,042)
Balance at 30 June 2023	570,673	195,036	138,120	-	518,912	1,422,741
Net Book Value						
At 30 June 2022	1,344,164	125,895	48,188	-	7,072,530	8,590,777
At 30 June 2023	1,178,470	127,058	235,172	8,483,320	7,037,870	17,061,890

Note 11: Exploration and Evaluation Expenditure

	2023 \$	2022 \$
Exploration expenditure	48,356,862	46,763,770

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.

	2023 \$	2022 \$
Reconciliation of movements during the year:		
Balance at the beginning of year	46,763,770	43,986,682
Exploration and evaluation costs capitalised	2,214,751	3,359,636
Exploration and evaluation costs written off	(46,162)	(452,275)
Impact of foreign exchange	(575,497)	(130,273)
Balance at the end of the year	48,356,862	46,763,770

Note 12: Intangible assets

	2023 \$	2022 \$
L-Max [®] Technology	27,970,788	28,413,680
S-Max [®] Technology	152,328	149,017
LOH-Max [®] Technology	628,130	502,664
Lepidico Trademark	21,874	-
Intangible assets	28,773,120	29,065,361

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

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

	2023 \$	2022 \$
Reconciliation of movements during the year:		
Balance at the beginning of year	29,065,361	24,631,056
Intangible costs capitalised	659,064	5,937,619
Intangible costs written off	(56,901)	-
Research and Development Tax Credit received/receivable	(894,404)	(1,503,314)
Balance at the end of the year	28,773,120	29,065,361

Note 13: Trade and Other Payables

	2023 \$	2022 \$
Current		
Trade payables	676,172	1,352,457
Sundry payables and accrued expenses	1,454,682	633,713
Total Current Trade and Other Payables	2,130,854	1,986,170

Note 14: Provisions

	2023	2022
	\$	\$
Current		
Employee provisions	268,115	157,698
Total Current Provisions	268,115	157,698
Non-Current		
Employee provisions	56,020	20,999
Make good provision (KEZAD)	752,048	670,970
Total Non-Current Provisions	808,068	691,969
Total Provisions	1,076,183	849,667

	Make Good	Employee
	\$	\$
Reconciliation of movements during the period:		
Balance at 1 July 2021	-	140,105
Additional provisions	596,030	125,217
Provisions used	-	(90,878)
Unwinding of discount	34,268	-
Impact of foreign exchange	40,672	4,253
Balance at 30 June 2022	670,970	178,697
Additional provisions	-	311,702
Provisions used	-	(165,103)
Unwinding of discount	54,978	-
Impact of foreign exchange	26,100	(1,161)
Balance at the end of the period	752,048	324,135

Note 15: Borrowings and Lease Liabilities

	2023	2022
	\$	\$
Current		
Lease liabilities	565,588	279,751
Other borrowings	29,689	-
Total Current Borrowings and Lease Liabilities	595,277	279,751
Non-Current		
Lease liabilities	7,011,887	6,744,318
Other borrowings	124,759	-
Total Non-Current Borrowings and Lease Liabilities	7,136,646	6,744,318
Total Borrowings and Lease Liabilities	7,731,923	7,024,069

(a) Lease liabilities

(i) Land Lease

In October 2021 the Group entered into the Musataha lease agreement with Abu Dhabi Ports securing the 57,000m² site for the Phase 1 chemical plant for an initial term of 25 years.

Reconciliation of movements during the year:	2023	2022
	\$	\$
Balance at the beginning of period	7,024,069	-
Additions	-	6,239,562
Lease repayments paid/payable	(286,619)	-
Interest expense	570,669	358,735
Impact of foreign exchange	269,356	425,772
Balance at the end of the year	7,577,475	7,024,069

(ii) Short-term and low value leases

The group has entered into short-term contractual arrangements for the leases of offices. Typically, the duration of these contracts is for periods of one and two years.

	2023	2022
	\$	\$
Payments for short-term and low value leases	63,122	-

(b) Borrowings

During the year the Company entered into a Revolving Vehicle Financing Facility for N\$2M (approximately A\$169,000) to acquire three vehicles for use by the Namibian based team.

Reconciliation of movements during the year:	2023	2022
	\$	\$
Balance at the beginning of period	-	-
Additions	169,114	-
Repayments paid/payable	(13,352)	-
Interest expense	6,372	-
Impact of foreign exchange	(7,686)	-
Balance at the end of the year	154,448	-

Note 16: Deferred Revenue

Deferred revenue of \$6,447,729 (US\$4,558,272) represented 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 provided for the purchase by Jinhui of beneficiated surface stockpile material from the Karibib project in Namibia.

The payment was classified as deferred revenue and was expected to amortise against any future shipments of the stockpile material. The Agreement does not contain any specific provisions regarding repayment of any unamortised amounts.

On 16 November 2022, the Jinhui Lithium Offtake Agreement expired, and the Company recognised the outstanding balance as revenue in the current period.

	2023 \$	2022 \$
Deferred revenue	-	6,613,159

Reconciliation of movements during the year:

	2023 \$	2022 \$
Balance at the beginning of the year	6,613,159	6,071,577
Impact of foreign exchange	(165,430)	541,582
Revenue recognised on termination of Agreement	(6,447,729)	-
Balance at the end of the year	-	6,613,159

Refer Note 19 Contingent Liabilities.

Note 17: Contributed Equity

a) Share capital

	2023		2022	
	Number	\$	Number	\$
Fully paid ordinary shares	7,638,305,721	129,355,002	6,507,171,533	108,456,563
Share Issue Costs		(7,093,816)		(5,800,837)
		<u>122,261,186</u>		<u>102,655,726</u>

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.

Movements in ordinary share capital

Description	Date	Number of shares	Issue Price	\$
Opening Balance	30 June 2022	6,507,171,533		102,655,726
Exercise under ATM Facility	10 October 2022	-	0.026	600,000
Issue of Shares	4 November 2022	1,055,554,990	0.018	19,000,000
Exercise of listed LPDOD options	Various	578,698	0.026	15,046
Exercise of listed LPDO options	20 January 2023	500	0.030	13
Exercise of unlisted options	11 October 2022	75,000,000	0.016	1,200,000
Fair value of options exercised	11 October 2022	-	-	83,380
Less: Share Issue Costs				(1,292,979)
Closing Balance		<u>7,638,305,721</u>		<u>122,261,186</u>

b) Share options

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

Number	Exercise Price	Grant	Expiry
527,777,631	\$0.030	4 November 2022	4 November 2024
67,500,000	\$0.012	19 November 2020	19 November 2023
18,090,000	\$0.020	11 July 2019	14 January 2024
67,500,000	\$0.072	18 November 2021	18 November 2024
<u>109,500,000</u>	<u>\$0.026</u>	<u>28 November 2022</u>	<u>28 November 2025</u>
<u>790,367,631</u>			

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.

Movements in Options

	Number	Weighted Average Exercise Price \$
Balance at 1 July 2021	1,291,439,021	0.029
Granted	67,500,000	0.072
Exercised	(355,089,087)	0.021
Expired	<u>(218,175,411)</u>	<u>0.049</u>
Balance at 30 June 2022	785,674,523	0.030
Granted	637,278,131	0.029
Exercised	(75,579,198)	0.016
Expired	<u>(557,005,825)</u>	<u>0.029</u>
Balance at 30 June 2023	<u>790,367,631</u>	<u>0.031</u>

c) Share based payments

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

(i) Related Party Options

On 28 November 2022, the Company issued a total of 109,500,000 options to directors, employees and consultants under the Company's Share Option Plan and were valued using Black Scholes with the following assumptions:

	<u>Unlisted Options</u>
Number of options in series	109,500,000
Grant date share price	\$0.016
Exercise price	\$0.072
Expected volatility	79.9%
Option life	3 years
Dividend yield	0.00%
Interest Rate	2.98%
Value per option	\$0.007

d) Warrants

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

e) Controlled Placement Agreement

The Company has a Controlled Placement Agreement (CPA) with Acuity Capital in place to provide Lepidico with up to \$7.5 million of standby equity capital to fund future product research and development work, new process technology development and working capital. As collateral for the CPA, Lepidico issued an initial 230,000,000 ordinary shares at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

The facility expires on 31 January 2024.

During the year Lepidico 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 CPA. The Set-off Shares had a deemed price of \$0.026.

At 30 June 2023 there were 72,900,000 Collateral Shares held by Acuity Capital which, if unused on the expiry date, are otherwise required to be returned to the Company upon expiration of the CPA.

Note 18: Reserves

	2023	2022
	\$	\$
Option Reserve	7,302,967	6,619,847
Warrant Reserve	415,135	415,135
Foreign Currency Translation Reserve	341,979	1,009,733
Total Reserves	8,060,081	8,044,715

a) Option Reserve

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

	2023	2022
	\$	\$
Opening Balance	6,619,847	5,345,140
Share based payments for the year	766,500	1,822,500
Transfer of fair value on exercise of options	(83,380)	(547,793)
Closing Balance	7,302,967	6,619,847

b) Warrant Reserve

The warrants reserve recognised the fair value of warrants contractually recognised under the Desert Lion acquisition but not exercised.

	2023	2022
	\$	\$
	<u>415,135</u>	<u>415,135</u>

c) Foreign Currency Translation Reserve

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

	2023	2022
	\$	\$
Opening Balance	1,009,733	850,669
Movement during the year	<u>(667,754)</u>	<u>159,064</u>
Closing Balance	<u>341,979</u>	<u>1,009,733</u>

Note 19: Contingent Liabilities and Contingent Assets

a) Legal Dispute

Deferred revenue of \$6,447,729 (US\$4,558,272) represented 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 provided for the purchase by Jinhui of beneficiated surface stockpile material from the Karibib project in Namibia.

The payment was classified as deferred revenue and was expected to amortise against any future shipments of the stockpile material. The Agreement does not contain any specific provisions regarding repayment of any unamortised amounts.

On 16 November 2022, the Jinhui Lithium Offtake Agreement expired, and the Company recognised the outstanding balance as revenue in the current period.

On 31 May 2023, the Company was advised that Jinhui filed a Notice of Arbitration under the Arbitration Rules of the Singapore International Arbitration Centre (Notice).

The Notice includes a claim in the sum of US\$4.6 million, being the amount received from Jinhui in accordance with the Offtake Agreement.

The Company has retained Singaporean, Canadian, and Namibian litigation counsel and on 27 June 2023 submitted its Response to Notice of Arbitration in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (SIAC). Next steps in the matter include formal appointment of each parties’ nominated arbitrators and the two appointed arbitrators agreeing a joint nomination as the third arbitrator.

The Company believes that the arbitration is without merit and intends to vigorously defend itself.

Note 20: 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	Phase 1 Chemical Plant	Intangibles	Corporate & Unallocated items	Total
	\$	\$	\$	\$	\$
(i) Segment performance					
Year ended 30 June 2023					
Revenue	6,749,119	-	-	274,376	7,023,495
Profit/(Loss) before tax	5,311,837	(2,070,170)	(56,901)	(6,145,112)	(2,960,346)
Year ended 30 June 2022					
Revenue	10,420	-	-	1,441	11,861
Profit/(Loss) before tax	(724,935)	(1,142,255)	-	(5,996,278)	(7,863,468)
(ii) Segment assets					
At 30 June 2023	49,979,128	16,247,735	28,993,120	11,232,439	106,452,422
At 30 June 2022	48,566,532	7,632,404	30,568,675	8,531,730	95,299,341

Geographical Information

	Australia	Canada	Africa	UAE	Europe	Total
	\$	\$	\$	\$	\$	\$
(i) Segment performance for the year ended:						
30 June 2023						
Revenue	273,774	499	6,749,222	-	-	7,023,495
Profit/(Loss) before tax	(3,990,826)	(1,669,283)	5,128,653	(2,039,971)	(388,919)	(2,960,346)
30 June 2022						
Revenue	1,334	107	10,420	-	-	11,861
Profit/(Loss) before tax	(4,119,291)	(1,071,111)	(927,774)	(874,536)	(870,756)	(7,863,468)
(ii) Segment assets						
At 30 June 2023	40,415,845	179,038	51,109,226	14,726,799	21,514	106,452,422
At 30 June 2022	38,386,375	240,306	48,999,256	7,660,452	12,952	95,299,341

Note 21: Commitments

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:

	2023 \$	2022 \$
Not later than one year	1,093,436	931,718
After one year but less than five years	2,706,090	3,468,744
	<u>3,799,526</u>	<u>4,400,462</u>

Note 22: Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2023 \$	2022 \$
Loss after income tax	(3,604,123)	(7,941,340)
Adjustments items not impacting cash flow used in operations:		
Depreciation and amortisation	571,325	411,213
Exploration expenditure written-off	46,162	452,275
R&D expenditure written-off	56,901	-
Fair value of options issued	766,500	1,822,500
Profit on sale of property, plant and equipment	-	(9,562)
Finance costs	625,647	393,003
Deferred Revenue recognised	(6,447,728)	-
Realised FX Gain	(301,393)	(37,742)
Income tax expense	643,777	77,872
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	117,303	(980,588)
Increase/(decrease) in trade and other payables	618,962	291,230
Increase/(decrease) in provisions	145,438	38,592
Cash flow from/(used) in operations	<u>(6,761,229)</u>	<u>(5,482,547)</u>

Note 23: Related Party Transactions

Key Management Personnel Remuneration

	2023 \$	2022 \$
Cash salaries, fees and other short-term benefits	3,869,766	1,715,641
Post employment benefits	72,033	39,818
Share based payments	710,500	1,822,500
	<u>4,652,299</u>	<u>3,577,959</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 29.

Payments to director-related parties

	2023	2022
	\$	\$
Payments to director-related entities ⁽¹⁾	766,749	2,609,905

⁽¹⁾ Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were in relation to the development of L-Max[®] technology on an arm's length basis. As at 30 June 2023 invoices totalling \$2,866 are payable (2022: \$141,777).

Note 24: 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	2023	2022
		\$	\$
Financial assets			
Cash and cash equivalents	8	10,828,962	8,042,822
Trade and other receivables	9	1,431,588	2,836,611
Total financial assets		12,260,550	10,879,433

(b) Liquidity Risk

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

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

The Company will need to raise additional capital to fund the development of the integrated Phase 1 L-Max[®] Plant. The decision on how and when the Company may 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 2023

	Note	Carrying amount \$	Contractual cash outflows \$	Within 1 year \$	1-2 years \$	2-5 years \$
Trade & other payables	13	2,130,854	2,130,854	2,130,854	-	-
Borrowings & Lease Liabilities	15	7,731,923	18,243,534	922,144	631,817	1,875,048
Total		9,862,777	20,374,388	3,052,998	631,817	1,875,048

30 June 2022

	Note	Carrying amount \$	Contractual cash outflows \$	Within 1 year \$	1-2 years \$	2-5 years \$
Trade & other payables	13	1,986,170	1,986,170	1,986,170	-	-
Borrowings & Lease Liabilities	15	7,024,069	17,394,023	279,751	559,502	1,678,506
Deferred Revenue	16	6,613,159	-	-	-	-
Total		15,623,398	19,380,193	2,265,921	559,502	1,678,506

Assets pledged as security

The Company has provided a cash deposit of AED1,416,730 (\$583,537) as a security deposit under the Musataha Agreement.

The Revolving Vehicle Financing Facility for N\$2M (approximately A\$169,000) is secured by the three acquired vehicles.

(c) Market Risk

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

(i) Interest Rate Risk

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

		2023		2022	
		%	\$	%	\$
Financial assets					
Cash assets	Floating rate	2.23%	10,828,962	0.02%	8,042,822

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.

	2023	2022
	\$	\$
Change in Loss		
Increase by 1%	111,121	102,159
Decrease by 1%	(108,983)	(1,442)
Change in Equity		
Increase by 1%	111,121	102,159
Decrease by 1%	(108,983)	(1,442)

(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 effect 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 denominated in various currencies was :

30 June 2023

	NAD \$	CAD \$	AED د.ا.	USD \$	GBP £	EUR €
Cash and cash equivalents	2,572,113	107,809	357,771	305,053	68,696	-
Trade and other receivables	1,510,857	41,454	165,119	84,087	1,575	8,543
Trade and other payables	(3,280,229)	(438,249)	(708,365)	(218,568)	-	-
Borrowing & lease liabilities	(1,933,379)	-	(18,482,091)	-	-	-
Net currency exposure	(1,130,638)	(288,986)	(17,181,487)	170,572	70,271	8,543

30 June 2022

	NAD \$	CAD \$	AED د.ا.	USD \$	GBP £	EUR €
Cash and cash equivalents	4,799,355	185,110	13,431	7,436	20,867	-
Trade and other receivables	3,376,371	24,712	1,416,730	5,550	-	8,543
Trade and other payables	(5,731,570)	(16,180)	-	(4,084)	(2,992)	-
Lease liabilities	-	-	(17,780,400)	-	-	-
Deferred Revenue	-	-	-	(4,558,272)	-	-
Net currency exposure	2,444,156	193,642	(16,350,239)	(4,549,370)	17,875	8,543

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
1 USD:AUD	1.48594	1.37864	1.50566	1.45080
1 NAD:AUD	0.08367	0.09059	0.07989	0.08902
1 CAD:AUD	1.10925	1.08885	1.13629	1.12525
1 AED:AUD	0.40450	0.38737	0.40986	0.39493

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 (2022: 10%) in the Australian dollar against the currencies where it has significant currency risk at the reporting date, with all other variables held constant.

	2023 A\$	2022 A\$
NAD		
If the NAD had strengthened against the AUD	(9,032)	21,759
If the NAD had weakened against the AUD	9,032	(21,759)
CAD		
If the CAD had strengthened against the AUD	(32,837)	21,790
If the CAD had weakened against the AUD	32,837	(21,790)
USD		
If the USD had strengthened against the AUD	25,682	(660,024)
If the USD had weakened against the AUD	(25,682)	660,024
AED		
If the AED had strengthened against the AUD	(704,195)	(645,712)
If the AED had weakened against the AUD	704,195	645,712

(iii) Commodity Price Risk

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

(iv) Capital Management

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

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

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

Note 25: Parent Entity Financial Information

The following information relates to the legal parent only.

(a) Summary of Financial Information

	2023	2022
	\$	\$
Assets		
Current assets	10,046,180	7,765,120
Non current assets	84,450,461	69,991,938
Total assets	<u>94,496,641</u>	<u>77,757,058</u>
Liabilities		
Current liabilities	750,053	1,092,625
Non current liabilities	29,143	-
Total liabilities	<u>779,196</u>	<u>1,092,625</u>
Shareholders' Equity		
Issued capital	154,703,219	135,097,760
Reserves	8,273,426	7,723,092
Accumulated Losses	(69,259,200)	(66,156,419)
Total Shareholders' Equity	<u>93,717,445</u>	<u>76,664,433</u>
Result of the parent entity		
Loss for the year	(3,102,781)	(3,782,671)
Other comprehensive loss	-	(75,555)
Total comprehensive loss for the year	<u>(3,102,781)</u>	<u>(3,858,226)</u>

(b) Contractual commitments for the acquisition of property, plant and equipment

At 30 June 2023 the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and contingent liabilities

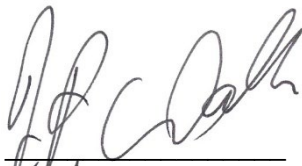
At 30 June 2023 the parent entity has no guarantees or contingent liabilities other than as disclosed in Note 19.

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 2023 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 2023.
4. Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Joe Walsh
Managing Director

Dated this 22nd day of September 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEPIDICO LIMITED****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 2023, 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:

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii. 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 (including Independence Standards)* (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.

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

Key Audit Matters (continued)

Carrying value of Property, Plant & Equipment, Exploration & Evaluation Expenditure and Intangible Assets	
Refer to Notes 1(h) and (s), Notes 10 Property, Plant & Equipment, 11 Exploration & Evaluation Expenditure & 12 Intangible Assets	
<p>As at 30 June 2023 the Group had property, plant & equipment of \$17,061,890, capitalised exploration and evaluation expenditure of \$48,356,862 and intangible assets with a carrying value of \$28,773,120 All three asset categories form part of the Phase 1 Project being developed in Namibia and Abu Dhabi.</p> <p>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.</p> <p>The intangible asset includes the Group's investment in the L-Max® Technology, S-Max® Technology and LOH-Max® Technology, including the cost of acquisition of the technology, subsequent development costs and patent fees capitalised. As part of their annual impairment review, management prepared an analysis of the recoverable amount of the technology which was, in part, based on a "fair value less costs to sell" analysis. Note that given the early stages of development of the technology, there are inherent risks in relying on forecast cash flows as a reliable estimate of value-in-use.</p> <p>The directors have also considered the results of the vertically integrated Phase 1 Project Definitive Feasibility Study (incorporating the Karibib and Abu Dhabi assets), which was completed in May 2020 (with the latest revision being August 2023), in their impairment review of the property, plant & equipment, exploration and evaluation and intangible assets.</p> <p>The carrying values of the property, plant & equipment, capitalised exploration and evaluation and technology assets were key audit matters given the significance of the technology exploration and development activities to the Group's balance sheet, and the judgement involved in the assessment of their values.</p>	<p>Our procedures included, amongst others the following:</p> <ul style="list-style-type: none"> • Assessing the methodologies used by management to estimate recoverable amounts of the property, plant & equipment, 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. There were no such indicators during the year. • Testing expenditures and other additions to the property, plant & equipment, 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 the latest updated JORC code (2012) compliant mineral resource estimates, as completed by external Consultants, in respect of ore reserves at Karibib, Namibia. • Review of the vertically integrated Phase 1 Project Definitive Feasibility Study completed in May 2020 and subsequent updates, 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 2023 to its net asset position, noting that the market capitalisation at balance date was less than 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.

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

Key Audit Matters (continued)

Related Party Transactions & Share Based Payments to Key Management Personnel	
Refer to Remuneration Report, Note 17 b) Share Based Payments, Note 23 Related Party Transactions	
<p>During the year ended 30 June 2023, the Group transacted with Key Management Personnel and their related entities including:</p> <ul style="list-style-type: none"> • Awarded share-based payments amounting to \$766,500 in the form of share options, to Key Management Personnel • Paid \$766,749 in development and consulting costs related to the L-Max Technology <p>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.</p> <p>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.</p>	<p>Our procedures included, amongst others the following:</p> <ul style="list-style-type: none"> • 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 2023 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.

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf This description forms part of our auditor's report.

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 2023.

In our opinion, the Remuneration Report of Lepidico Limited, for the year ended 30 June 2023 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 22nd day of September 2023.

Additional ASX Information

The Information set out below was applicable at 22nd September 2023.

1. Corporate Governance Statement

The Company's Corporate Governance Statement can be found at <https://lepidico.com/resources#ASX%20announcements>

2. Substantial shareholders

The Company does not have any shareholders holding a substantial interest, being 5.0% or greater, in the issued capital of the Company.

3. Issued capital

The issued capital of the company consists of:

Quoted/ Unquoted	Class	Number of units	Number of holders
Quoted	Fully paid ordinary shares (LPD)	7,638,307,948	14,251
Quoted	\$0.03 Options (LPDO)	527,775,404	2,463
Unquoted	\$0.012 Options	67,500,000	7
Unquoted	\$0.02 Options	18,090,000	9
Unquoted	\$0.072 Options	67,500,000	7
Unquoted	\$0.026 Options	109,500,000	13

4. 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.

5. Holders holding less than a marketable parcel

The number of holders holding less than a marketable parcel of the entity's main class of securities are as follows:

	Minimum Parcel Size	Holders	Shares
Minimum \$500.00 parcel at \$0.01 per share	50,000	5,767	112,952,111

6. Distribution of shareholders

The distribution of holders in each class of quoted securities are as follows:

Distribution of equity securities	Fully Paid Shares LPD		Quoted Options LPDO	
	Number of holders	% of total issued	Number of holders	% of total issued
1-1,000	970	0.00	197	0.02
1,001-5,000	276	0.01	561	0.29
5,001-10,000	340	0.04	291	0.41
10,001-100,000	6,808	3.97	862	6.83
101,000 and above	5,857	95.98	552	92.44
Totals	14,251	100.00	2,463	100.00

The distribution of holders in each class of unquoted securities are as follows:

Distribution of equity securities	Unquoted Options							
	\$0.012		\$0.02		\$0.072		\$0.026	
	#	%	#	%	#	%	#	%
1-1,000	-	-	-	-	-	-	-	-
1,001-5,000	-	-	-	-	-	-	-	-
5,001-10,000	-	-	-	-	-	-	-	-
10,001-100,000	-	-	-	-	-	-	-	-
101,000 and above	7	100	9	100	7	100	13	100
Totals	7	100	9	100	7	100	13	100

Number of holders

% Percentage of total issued

7. 20 Largest shareholders

The names of the 20 largest holders of ordinary shares are as follows:

	Shareholder	No.	%
1	BNP Paribas Noms Pty Ltd	484,583,114	6.34%
2	Citicorp Nominees Pty Limited	327,021,138	4.28%
3	HSBC Custody Nominees (Australia) Limited	299,397,282	3.92%
4	Strategic Metallurgy Holdings Pty Ltd	266,271,201	3.49%
5	BNP Paribas Nominees Pty Ltd ACF Clearstream	219,305,077	2.87%
6	Perth Capital Pty Ltd	131,111,111	1.72%
7	Acuity Capital Investment Management Pty Ltd	72,900,000	0.95%
8	Mr Johannes Hendrik Thorburn	56,788,306	0.74%
9	BNP Paribas Nominees Pty Ltd	52,757,715	0.69%
10	Strategic Metallurgy Pty Ltd	50,000,134	0.65%
11	Mr Ivars Vadzis	48,621,454	0.64%
12	Superhero Securities Limited	45,598,892	0.60%
13	Netwealth Investments Limited	44,550,951	0.58%
14	Clickable Publishing Pty Ltd	41,471,634	0.54%
15	Mr Gavin Sidney Milroy Becker & Mrs Wendy Mary Becker	41,000,000	0.54%
16	Mr Anthony Charles Kenworthy	37,119,572	0.49%
17	T&G Corporation Pty Ltd	35,577,700	0.47%
18	Neofractal Pty Ltd	35,524,695	0.47%
19	Rennie Jackson SMSF Pty Limited	34,777,777	0.46%
20	Ms Kelley Marie Attias	33,888,888	0.44%
	Total	2,358,266,641	30.87%

The names of the 20 largest holders of quoted options are as follows:

	Option Holder	No.	%
1	Mrs Lynette Irene Brooks	30,000,000	5.68%
2	Mr Antony Edward Anderson	14,750,523	2.79%
3	Rookharp Capital Pty Limited	14,625,000	2.77%
4	Mr Steven Parsons & Miss Chia Lu	13,077,556	2.48%
5	The Subramaniam Family Pty Ltd	12,000,000	2.27%
6	Citicorp Nominees Pty Limited	11,089,107	2.10%
7	HSBC Custody Nominees (Australia) Limited	10,586,494	2.01%
8	Hunter Capital Advisors P/L	10,400,000	1.97%
9	Ms Chunyan Niu	8,000,000	1.52%
10	BNP Paribas Noms Pty Ltd	7,886,178	1.49%
11	Mrs Doreen Joan Ellison	7,300,000	1.38%
12	Wayne Dunlop Superannuation Pty Ltd	6,400,000	1.21%
13	North Western Power Pty Ltd	6,000,000	1.14%
14	Mr Dzung Quoc Can & Mrs Cam My Trinh	6,000,000	1.14%
15	3M Holdings Pty Limited	5,850,000	1.11%
16	Mishtalem Pty Ltd	5,600,000	1.06%
17	Perth Capital Pty Ltd	5,555,556	1.05%
18	Mr Shlomi Almoslinos	5,500,000	1.04%
19	Spreadborough Family Super Pty Ltd	5,111,659	0.97%
20	Mr Kin Wing Chan & Mrs Wai Shan Yap	5,091,012	0.96%
	Total	190,823,085	36.16%

8. Company secretary

The Joint Company Secretary is Ms Shontel Norgate and Mr Alex Neuling.

9. Registered office and principle administrative office

Suite 2, 680 Murray Street, West Perth, WA 6005. Telephone Number: +61 8 9363 7800

10. Register of securities

The register of securities is kept at Automic Pty Ltd, Level 2, 267 St Georges Terrace, Perth, WA 6000. Telephone number: 1300 288 664

11. Other stock exchanges

The Company's securities are quoted on the Frankfurt Stock Exchange under the code AUB:FRA

12. Restricted securities or securities subject to voluntary escrow

There are currently no restricted or escrowed securities.

13. Unquoted securities

In accordance with Listing Rule 4.10.16, the following persons hold 20% or more of the equity securities in an unquoted class:

Class	Holder	Number of units	% Held
\$0.02 Options	Tim Johnston	5,130,000	28.36%
\$0.012 Options	Julian (Joe) Walsh	15,000,000	22.22%
\$0.072 Options	Julian (Joe) Walsh	15,000,000	22.22%

14. Review of Operations

A review of operations and activities for the reporting period that complies with Section 299 and 299A of the Corporations Act 2001 are outlined in the Directors' Report.

15. On market buy backs

There is no current on-market buy-back of Lepidico Ltd shares.

16. Schedule of mineral tenements

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

NAMIBIAN OPERATIONS, Karibib Project

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