ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 31 March 2024

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

Key Points

Development & Finance

- Due diligence by multiple State-Owned Enterprises and private corporations continues, for strategic investment and in certain circumstances lithium offtake
- Key negotiations are underpinned by the Abu Dhabi chemical plant design employing Lepidico's innovative new technologies, which provide a far more sustainable and cost competitive solution for processing lithium mica concentrates than incumbent roasting processes
- Preferred finance structure includes direct investment in Lepidico Chemicals Manufacturing Ltd (Abu Dhabi), prepayment for lithium hydroxide supply, debt and technology licencing
- DFC and commercial lender due diligence can resume once the chemical plant ownership structure is agreed
- Karibib options study identifies capital savings of more than 20% for mine-concentrator capex of sub-US$50 million, with only a modest 4% rise in unit operating costs to US$319/t (FOB) average over the first five years of operation; further optimisation being evaluated from off-balance sheet funding for the power line when bundled with third-party renewable power
- Review of chemical plant OPEX for local economic benefit, to assess potential power, energy and land use industrial incentives that should further improve project economics
- Detailed design and engineering for the Karibib concentrator and Abu Dhabi chemical plant sufficiently developed to allow long lead time equipment orders to be placed with major mechanical equipment vendors, once finance is secured

Products & Marketing

- Broader interest received in concentrate from Karibib, including previously beneficiated stockpiles; marketing discussions picked up post Luna New Year
- Lithium market conditions remain soft; caesium, silica, SOP and gypsum-rich residue forecast production volumes fully allocated
- Phase 1 remains one of the most advanced integrated lithium chemical development projects globally with Front End Engineering & Design (FEED) complete

Corporate & Growth

- Cash and equivalents at 31 March 2024 of $3.5 million
- 1 for 4 renounceable rights issue to raise up to $5.7 million, partially underwritten to $2.0 million; with one free attaching option with every two new shares to close on 3 May 2024.
- Special Purpose Vehicle, Lepidico Strategic Chemicals Manufacturing LLC-OPC, established in the UAE for collaboration on evaluation of lithium mica and other lithium occurrences in the region
- First patent protection granted for LOH-Max® in ARIPO (Africa region), Canada and Japan

DEVELOPMENT & FINANCE

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

Finance

Lepidico's strategic imperative remains to advance the business to free cash flow generation and in so doing demonstrate the commercial viability of its process technologies. The financing strategy for the vertically integrated Phase 1 Project has centred on core funding from the public sector for both the Karibib mine-concentrator and the Abu Dhabi chemical plant. During the March 2024 quarter public and private sector interest continued, for partnering in both the chemical plant and the integrated project, as well as in Lepidico's proprietary process technologies.

Strategic partner due diligence continues for collaboration in the Phase 1 Project, at both the Abu Dhabi and Namibia subsidiary levels. It is evident that while the weaker prevailing lithium price environment poses a challenge for some organisations others view it as an opportunity, taking a longer-term view on the incentive price needed to satisfy demand projections.

Benchmark Mineral Intelligence (BMI) recently advised, "Electric vehicle sales are expected to surpass 18 million units this year as penetration rates rise to 13.6%, from 9.7% in 2023. As a result, total lithium demand is forecasted to increase by around 24%", in 2024. "There are market-wide expectations that supply will be able to meet demand over the coming year, which is resulting in negative sentiment on prices. Medium-term demand has been reduced from the previous quarter primarily due to cutbacks in OEM production, targets and forecasts." However, the "market is expected to be in deficit from 2029 onwards, based on the current project pipeline. The forecast market deficits will either provide enough support for prices to incentivise the necessary mine development and close the gap through further supply additions or will lead to demand destruction in the market." BMI continues to forecast a long-term base case lithium hydroxide price of US$31,000/t (real), based on its incentive pricing model.

The U.S. Government's Development Finance Corporation (DFC) continues to be considered as the lead lender for the Karibib development, with further constructive discussion during the quarter. However, other Development Finance Institutions along with commercial lenders are also party to the debt finance process. As previously advised, DFC has advanced its due diligence to the point where partners in the Abu Dhabi chemical plant need to be identified in order to undertake associated legal due diligence. By way of background, due to the integrated nature of the development DFC due diligence includes the chemical plant despite its lending mandate being limited to Namibia, as a developing economy. Select commercial lenders for both Karibib and the KEZAD chemical plant are also positioned to resume due diligence once key project stakeholders are identified.

Minimal marketing activities were undertaken during the quarter for the existing beneficiated stockpiles at Karibib due to the prevailing weak lithium price environment. The significant interest received in this material during the prior reporting period suggests that further improvement in prices should allow supply discussions to resume.

The alternative, sequential (versus parallel) development strategy, where the mine and concentrator are prioritised – selling lithium mica concentrate to third parties – ahead of committing to the downstream chemical plant continues to be considered by select prospective partners. The recently completed Karibib options study outlined below supports this initiative.

Phase 1 Development

Alternative implementation options have been identified and evaluated for the Karibib mine and concentrator, over the last two quarters. These include: 1) Engineering, Procurement and Construction (EPC) under a Lump-Sum Turn-Key (LSTK) contract model; 2) mobile crusher; 3) prefabricated non-process buildings; and 4) contract mining. An option for a third-party renewables based power supply to Rubicon for 30% of the power need, bundled with the 29km grid connection power line and financed off-balance sheet remains a work in progress.

Total capital expenditure under the Karibib options study has fallen to less than US$50 million (2024 real) with an increased contingency of 20% on owner's costs, versus US$63 million before sunk costs in the 2022 control estimate. A revised estimate for unit operating costs shows a modest 4% increase. Average unit operating costs for the first 5 years of operation are estimated at US$319/t FOB[1] and US$392/t CIF[2], for production of a 3.0% Li_2O concentrate on average. This operating cost convention is similar to that used by Western Australian spodumene miners to allow comparison.

Feedback from commercial lenders is that an EPC implementation for smaller scale developments such as Karibib is desirable under an LSTK model.

A mobile crusher will provide considerable flexibility with multiple open pits as well as remote stockpiles being introduced into the ore mining schedule and allows conventional road trucks to be used for ore haulage from sources remote to Rubicon.

Contract mining will provide future flexibility, including adoption of more cost effective and sustainable (electric) mobile fleet options as they become available at the necessary scale and competitive price point.

Lepidico has been approached by third parties interested in securing consistent base load for new renewables projects; solar-wind with battery energy storage. Project data has been shared to allow a load profile to be developed. A proposal is expected in the June quarter that would bundle the capital cost of the 29km power line spur with that for the renewables development project and a blended tariff received that incorporates the incremental cost of funding, which is expected to be competitive with the grid tariff.

Lepidico remains determined to pursue the development of a chemical conversion plant in Abu Dhabi given the associated strategic advantages: established infrastructure; availability of affordable energy, sulphur and other reagents; local markets for bulk products including silica and the gypsum residue; and availability of skilled/semi-skilled labour. Activities during the quarter included a review of operating expenditure to optimise their local economic benefit and supply chain support, and thereby assess potential industrial incentives for power, energy and land use, which should further improve project economics.

As previously advised, Stage 2 implementation works, conducted under the Engineering Procurement & Construction Management (EPCM) contracts for both the Abu Dhabi chemical conversion plant and the Karibib concentrator will resume once project funding is secured.

By way of background, Lepidico's technologies provide a far more sustainable alternative to roasting for converting lithium mica minerals.

- L-Max® and LOH-Max® are hydrometallurgical processes that convert lepidolite concentrates to lithium hydroxide with no solid process waste generated, no effluent and no sodium sulphate. By-product revenues can be realised from caesium, rubidium, SOP, amorphous silica and a gypsum-rich residue. Energy intensity and greenhouse gas emissions are both relatively low.
- Phase 1 in Abu Dhabi has been de-risked by 4 pilot trials – each plant being progressively larger scale than the prior facility – and an exhaustive risk-based process design review during FEED that was completed in November 2022. Phase 1 is ready to transition to construction on securing finance.

[1] Unit operating cost (FOB Walvis Bay excluding freight and royalties) includes mining, processing, transport, port charges, and site based general and administration costs and is net of any by-product credits. It is calculated on an incurred basis and excludes depreciation of fixed assets and right of use leases, and amortisation of deferred stripping.
[2] Unit operating cost (CIF China) includes the unit operating costs (FOB Walvis Bay excluding freight and royalties) plus freight and royalty costs. Royalty costs include a 2% government royalty on the FOB selling price.

Life of mine All In Sustaining Costs (AISC)[3] for the integrated project are estimated to average US$8,730/t Lithium Carbonate Equivalent (LCE) (US$7,680/t lithium hydroxide) while C1 costs are estimated at US$5,890/t LCE (US$5,185/t lithium hydroxide), after by-product credits (ASX Announcement, Phase 1 Project Economics Updated, 30 October 2023). Chemical plant by-products include caesium, rubidium, amorphous silica, sulphate of potash (SOP) and a gypsum-rich residue, with no solid process waste.

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.

Product Marketing

A commodity trader was appointed in April 2023 to market the stockpiles of previously beneficiated concentrate at Karibib to lithium mica converters in China, under a nine-month arrangement, which now extends into 2024. A tender process was undertaken in September 2023 with interest received from multiple parties. Subsequently a term sheet (including commercial terms) was agreed for the supply of existing concentrate stockpiles at Karibib. Supply negotiations slowed for much of the March 2024 quarter with weak lithium demand cited. However, the firming of lithium prices after Luna New Year led to some renewed interest.

As previously advised, this marketing initiative was expanded to include future supply of concentrate from the planned Phase 1 Karibib concentrator. Broader interest for this product was received in the March 2024 quarter. The concentrate is estimated to grade between 2.5-3.5% Li_2O over the life of mine and over 3.0% Li_2O for at least the first 5 years of operation, making this a premium product.

The Company is working with Traxys to place the lithium hydroxide produced from the Phase 1 KEZAD plant on mutually beneficial terms that are sustainable, and effectively manage price risk for supplier and consumer throughout a cycle. Offtake negotiations have slowed due to the prevailing lithium price weakness that has caused many consumers to continue to delay making new commitments for lithium chemicals.

Caesium sulphate agreements are in the final rounds of negotiation with all expected production volume allocated to end customers.

Letters of Intent (LOIs) are in hand from customers in the UAE for volumes exceeding the expected production of amorphous silica, SOP and gypsum-rich residue.

Phase 2 Plant Scoping Study

Lepidico continues to receive recognition for the unique opportunity that the L-Max® and LOH-Max® technologies provide for a low energy intensity lithium chemical conversion solution with exceptional green credentials, including no solid process waste and no process effluent.

A Special Purpose Vehicle (SPV) has been established, Lepidico Strategic Chemicals Manufacturing LLC-OPC, for collaboration in the UAE on lithium opportunities aside from the existing Phase 1 Project.

Two throughput scenarios are envisaged for Phase 2, a sister plant to Phase 1 with a nominal output capacity of 5,600tpa lithium hydroxide and a larger nominal 20,000tpa facility. 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.

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[3] C1 cash costs: Brook Hunt convention for the reporting of direct cash costs comprising mine site, product transportation and freight, treatment and refining charges and marketing costs.
AISC or C3: C1 cash cost plus royalties; corporate support and shared services costs; sustaining capital; lease principal and interest charges; and deferred mining and inventory adjustments capitalised.
Net of by-product credits LCE basis: costs for lithium and other products after deduction of credits for by-product revenues, per tonne of recovered lithium chemical.

Sustainability

A summary of the Company's Sustainability, Climate & Energy Strategy was published during the quarter. Lepidico's Sustainability Strategy is built on four pillars: Planet, People, Partnerships & Processes, and Prosperity. These Strategies were developed with IBIS Consulting in collaboration with Lepidico's management and are aligned with the UN Sustainable Development Goals; the International Council on Mining and Metals principals; the Taskforce on Climate-related Financial Disclosures; and the Intergovernmental Panel on Climate Change's latest assessment report.

Embedded within the Climate Change and Energy Strategy is a commitment to follow a Paris agreement aligned decarbonization pathway, which is compatible with a 1.5°C temperature scenario in our own operations. The Strategy supports decarbonization via Lepidico's innovative proprietary low carbon lithium manufacturing solutions, as well as by progressive electrification, implementation of new adaptation solutions across operations and support of host communities to adapt to the physical impacts of climate change.

The goal is net zero by 2050 with specific targets set at years 2035, 2040 and 2050. The KPIs are focused on scope 1, 2 and 3 GHG emissions targets and efficient non-carbon generating energy usage. IBIS Consulting also conducted a revised GHG assessment that shows the Phase 1 Project's Scope 1,2 & 3 emissions estimates are more than 43% below the hard rock lithium industry average.

Modern sustainability and climate strategies are designed to be bankable, and Lepidico's Sustainability Strategies are designed to meet the most stringent lender requirements at the company's current stage of development.

The structure for sustainability reporting in accordance with the Global Reporting Initiative (GRI) has been finalised and data collation has started for Lepidico's first Sustainability Report against GRI standards.

EXPLORATION & RESOURCE DEVELOPMENT

Karibib Project (80%)

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals for which the Namibian tenements are prospective, 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 20 years, expand the Resource base to support the Phase 2 Scoping Study and evaluate the Karibib licences for their gold potential.

Exploration activities during the quarter were largely limited to regional and reconnaissance work within ML204 and EPL5349, due to road access being blocked to a priority drill target. During the quarter Lepidico Chemicals Namibia filed a motion with the High Court in Namibia against a local property owner for a locked gate that denies access to a public road. It is expected that the situation will be resolved in the June quarter, which should allow ground access to this LCT pegmatite target with visible lepidolite in outcrop.

CORPORATE

Cash & Facilities

At 31 March 2024, the Company held $3.5 million in cash and cash equivalents.

During the quarter, the Company implemented cash saving measures including non-renewal of office leases and reduction of non-critical discretionary expenditures. Given the motion filed with the High Court of Namibia, mentioned above, the Company has put the Karibib camp on "care and maintenance" pending resolution.

Entitlement Offer

On 4 April 2024 the Company launched a pro-rata Renounceable Entitlements Offer of fully paid ordinary shares in the capital of the Company (New Shares) on the basis of one (1) New Share for every four (4) existing shares held at the record date of 10 April 2024 (Record Date) with a 1 for 2 free attaching option (New Options). Shares under the Entitlements Offer will be issued at 0.3 cents per New Share. The maximum number of New Shares which will be issued under the Entitlements Offer 1,909,576,987 to raise up to approximately $5,728,731 (before expenses, based on the current capital structure of the Company). New Options will have an exercise price of 0.9 cents, a term of 30 months and will be listed.

The Entitlement Offer is partially underwritten by Lead Manager Mahe Capital Pty Ltd to $2.0 million, representing 34.9% of the total offer.

The Company intends to apply the net funds raised from the Entitlements Offer as follows:

i) to complete Phase 1 Project financing, including strategic partner and lender due diligence

ii) business development opportunities,

iii) and working capital.

The Entitlement Offer closes of 3 May 2024.

At-the-Market Facility Extension

On 26 January 2024, the Company agreed with Acuity Capital to extend the expiry date of its At-the-Market Subscription Agreement ("ATM") (previously referred to as a Controlled Placement Agreement) from 31 January 2024 to 31 January 2027.

As previously announced, the ATM was initially established with an expiry date of 31 January 2021 and provided Lepidico with up to $7.5 million of standby equity capital (see announcements on 23 December 2019 and 30 January 2022). In January 2022 the ATM expiry date was extended to 31 January 2024 (see announcements above).

Lepidico has utilised the ATM to raise a total of $3.525m and the remaining standby equity capital available under the ATM is $3.975m. There is no requirement on Lepidico to utilise the ATM and the Company may terminate the ATM at any time without cost or penalty.

Acuity Capital holds 72,900,000 fully paid ordinary LPD shares as security against the ATM. No additional security has been provided or is required in relation to the ATM extension.

There were no fees or costs associated with the extension of the ATM.

Legal Dispute

On 31 May 2023, 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).

In accordance with the Arbitration Rules of the Singapore International Arbitration Centre (SIAC), the panel of three arbitrators, being each party's nominated arbitrator and the third independent arbitrator has been completed and the arbitration timetable set.

LCN received Jinhui's Statement of Claim (SOC) on 4 December 2023. The SOC includes a claim for US$5.0 million which comprises the unamortised deposit paid under the Offtake Agreement, plus expenses related to the dispute.

LCN filed its Statement of Defence and Counterclaim (SODCC) on 15 January 2024 and has submitted a counterclaim, which is well in excess of the claim included in Jinhui's SOC.

LCN received the Statement of Reply and Defence to Counterclaim on 8 February 2024 and on 18 March 2024, LCN filed its Statement of Rejoinder and Report to Defence to Counterclaim.

On 15 April 2024, parties exchanged requests for production of documents.

The parties continue to discuss with a view to seeking a commercial settlement of the dispute and will continue with the timetable that has been agreed. In the event the parties are unable to come to a settlement earlier, the arbitration hearing has been provisionally set for early November 2024.

The Company believes that the arbitration brought against it is without merit. The Company has retained Canadian and Namibian litigation counsel to vigorously defend itself.

Patents and Trademarks

The Company holds granted patents for its L-Max® technology in the United States, Canada, Europe, Japan and Australia. 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.

During the quarter, the Company was granted patents for the Company's LOH-Max® process in Japan, Canada and ARIPO (African Regional Intellectual Property Organization). The national and regional phase of the patent application for LOH-Max® is progressing in the remaining jurisdictions under PCT/AU2020/050090. The S-Max® Australian patent applications are progressing under 2019262080 and 2019262079.

The national and regional phase of the patent application for the lithium carbonate recovery process from a raw lithium hydroxide material is progressing under the Patent Cooperation Treaty (PCT) and was allotted the number PCT/AU2022/050297. The patent process is expected to continue during 2024.

The International PCT application for the preparation of Cs-Rb-K alkali salt solutions from lithium mica mineral source material under the PCT number PCT/AU2022/051154 is progressing though the national and regional phase. The refining process has application in tailoring ternary materials for industrial catalyst applications and the patent process is expected to continue during 2024.

Licencing

As part of its plan to develop a fully integrated mining and lithium chemical refining business in the UK, Cornish Lithium Plc (Cornish Lithium) is currently finalising the construction of a £9 million plant to pilot lithium mica mineralisation from its Trelavour Project in Cornwall. This comprises a flotation plant to produce a predominantly zinnwaldite and polylithionite concentrate, and a hydrometallurgical facility that will produce battery grade lithium hydroxide using, under licence, Lepidico's L-Max® and LOH-Max® technologies. Cornish Lithium selected the technology based on its exceptionally low carbon emissions, environmental benefits, and its ability to deliver superior product quality from lithium bearing mica concentrates, which includes valuable by-products. The mineralisation at the Trelavour project differs to Lepidico's Karibib lepidolite/lithian muscovite dominant mica mineralisation, which demonstrates the flexibility of the Company's process technologies across the breadth of lithium mica mineral species.

Commissioning of the plant is scheduled to complete in July 2024, with operation planned throughout the second half of the year.

The plant is planned to initially operate for 3,600 hours across 15 separate continuous campaigns at a design rate of 15kg/hr of mica concentrate feed. An onsite 'state of the art' laboratory is being constructed to confirm efficacy and efficiency of the plant.

By way of background, Lepidico granted Cornish Lithium an exclusive technology licence in 2020 to process feedstock sourced from the St Austell granite region, an area of approximately 93km^2. The technologies include the proprietary L-Max®, LOH-Max® and caesium-rubidium manufacturing processes.

Exploration and Resources

Compliance Statement

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"), 7 March 2023 ("Replacement Announcement – Helikon 4 Ore Reserve") and 30 October 2023 ("Phase 1 Project Economics Updated Operating Costs & Long-Term Margins Improved"). Other than as disclosed in those announcements, the Company confirms it is not aware of any new information or data that materially affect the information in those announcements.

Forward-looking Statements

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

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

CORPORATE INFORMATION

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

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

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

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Issued Share Capital
As of 31 March 2024, issued capital was 7,638,307,948.
As of 29 April 2024, issued capital was 7,638,305,948[1].

[1] Refer Entitlement Offer above.

Quarterly Share Price Activity

	High	Low	Close
January – March 2024	0.9c	0.5c	0.5c

Authorised for release by the Managing Director.

Further Information
For further information, please contact

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

NAMIBIAN OPERATIONS, Karibib Project

Karibib Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
ML 204	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km^2
EPL 5439	Lepidico Chemicals Namibia (Pty) Ltd	80%	09/06/2024[1]	165 km^2

[1] Application for renewal lodged on 8 March 2024

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

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

Item 6.1: Aggregate amount of payments to related parties and their associates included in cash flows from operating activities is $206,000:

	$'000
Remuneration	131
Directors Fees	72
Payments to Director-Related Entities (Development)	3
Total included in 6.1	**206**

Appendix 5B

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

Name of entity
Lepidico Ltd

ABN	Quarter ended ("current quarter")
99 008 894 442	31 March 2024

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (expensed)	-	-
	(b) development	(67)	(655)
	(c) production	-	-
	(d) staff costs	(742)	(2,210)
	(e) administration and corporate costs	(795)	(2,371)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	31	156
1.5	Interest and other costs of finance paid	(6)	(16)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	136	136
1.8	Other (legal dispute)	(330)	(448)
1.9	**Net cash from / (used in) operating activities**	**(1,773)**	**(5,408)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(6)	(71)
	(d) exploration & evaluation (capitalised)	(451)	(1,783)
	(e) investments	-	-
	(f) other non-current assets (patents)	(35)	(114)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	24	24
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	**Net cash from / (used in) investing activities**	**(468)**	**(1,944)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	53
3.6	Repayment of borrowings	(11)	(32)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(11)**	**21**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,690	10,829
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,773)	(5,408)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(468)	(1,944)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	21

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	16	(44)
4.6	**Cash and cash equivalents at end of period**	**3,454**	**3,454**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,454	5,690
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,454**	**5,690**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	206
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements **	Up to 7,500	3,525
7.3	Other (Revolving Vehicle Financing Facility)	190	180
7.4	**Total financing facilities ****	Up to 7,690	3,705
7.5	**Unused financing facilities available at quarter end**		Up to 3,985
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

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

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

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

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

On 26 January 2022 the Company agreed with Acuity Capital to extend the expiry date of its Controlled Placement Agreement ("CPA") to 31 January 2024. On 26 January 2024, the CPA was further extended to 31 January 2027.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,773)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(451)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,224)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,454
8.5	Unused finance facilities available at quarter end (item 7.5)	Up to 3,985
8.6	Total available funding (item 8.4 + item 8.5)	7,439

8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.3

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

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

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

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

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

Compliance statement

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

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

Date: 29 April 2024...

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.