ASX/Media Announcement

25 February 2019

Financial Statements for the Half Year ended 31 December 2018

Lepidico Ltd (ASX:LPD) ("Lepidico" or "Company") is pleased to announce the release of its consolidated financial statements for the half year ended 31 December 2018.

Significant Events for the Half Year

- Final engineering work for the Phase 1 L-Max® Plant with a nominal output of 5,000 tonnes per year of lithium carbonate equivalent was completed by Lycopodium in late December and is currently being reviewed for the inclusion of LOH-Max™.
- L-Max® Pilot Plant construction commenced during the period with the project within budget and on schedule for commissioning in April 2019 and operation in May.
- The L-Max® R&D programme has successfully concentrated caesium and rubidium into two separate products, including a caesium-rich brine, which has applications in offshore oil and gas drilling.
- Testwork demonstrates that amorphous silica generated from the S-Max™ process can materially increase the compressive strength of concrete when added as a partial cement replacement and also significantly reduces the associated CO_2 content within the concrete.
- Permitting activities started for the expansion and further development of the Alvarrões Lepidolite Mine. Feasibility Study infill Mineral Resource drilling at Alvarrões completed in December. A revised Mineral Resource estimated is expected March 2019.
- Preliminary assessment of L-Max® residue as a land reclamation product was completed in January with promising results that indicate that the material should be viable for industrial applications.
- Drilling at Youanmi identified the presence of a number of lepidolite-mineralised individual pegmatites that could collectively provide sufficient tonnage for an economic opportunity.
- National and regional patent processes for L-Max® progressing.
- Successful Entitlement Offer and private placement completed raising $8.1 million (before expenses).
- Cash and cash equivalents as at 31 December 2018 of $8.0 million and no debt.

Significant Events subsequent to the Half Year

- High purity lithium hydroxide produced using a new proprietary process, LOH-Max™, over which Lepidico has entered into a worldwide exclusivity arrangement.

Further Information
For further information, please contact

Joe Walsh	***Tom Dukovcic***
Managing Director	***Director Exploration***
Lepidico Ltd	***Lepidico Ltd***
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About Lepidico Ltd

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite. The L-Max® Process has the potential to complement the lithium market by adding competitive cost lithium supply from alternative sources. Lepidico is currently building a L-Max® Pilot Plant using small scale industrial equipment that is on schedule for commissioning in April 2019. The Company is also conducting a Feasibility Study for its larger Phase 1 L-Max® Plant Project, targeting commissioning in late 2020. Feed to both the Pilot Plant and Phase 1 Plant is planned to be sourced from the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Grupo Mota. Lepidico has delineated a JORC Code-compliant Inferred Mineral Resource estimate at Alvarrões of 1.5 Mt grading 1.1% Li_2O (see ASX announcement of 7 December 2017).

Lepidico's current exploration assets include a farm-in agreements with Venus Metals Corporation Limited (ASX:VMC) over the lithium mineral rights at the Youanmi Lithium Project in Western Australia. Lepidico has also entered into a Letter of Intent with TSX listed Avalon Advanced Materials Inc. for planned lithium mica concentrate supply from its Separation Rapids Project in Ontario, Canada.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Dean Carville, a full-time employee of AMC Consultants Pty Ltd. Mr Carville is a Member of the Australasian Institute of Mining and Metallurgy and 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 Carville consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

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

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

LEPIDICO LTD

ACN 008 894 442

INTERIM FINANCIAL REPORT
31 DECEMBER 2018

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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Corporate Directory

Directors
Gary Johnson (Non-Executive Chairman)
Julian (Joe) Walsh (Managing Director)
Tom Dukovcic (Director Exploration)
Mark Rodda (Non-Executive Director)
Cynthia Thomas (Non-Executive Director)
Brian Talbot (Non-Executive Director)

Joint Company Secretaries
Alex Neuling
Shontel Norgate

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ASX Code: LPD, LPDOA

Directors' Report

The Directors of Lepidico Ltd ("Directors") present their report on the Consolidated Entity consisting of Lepidico Ltd ("Company" or "Lepidico") and the entities it controlled at the end of, or during, the half year ended 31 December 2018 ("Consolidated Entity" or "Group" or "Economic Entity").

DIRECTORS

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

Mr Gary Johnson	Non-executive Chairman
Mr Joe Walsh	Managing Director
Mr Tom Dukovcic	Director Exploration
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director
Mr Brian Talbot	Non-executive Director

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

SUMMARY REVIEW OF OPERATIONS

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium. Lepidico owns the technology to a metallurgical process that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica and phosphate minerals including lepidolite and amblygonite. The L-Max® Process has the potential to complement the lithium market by adding competitive cost lithium chemical supply from these alternative mineral sources.

Lepidico is currently building an L-Max® Pilot Plant using small scale industrial equipment that is on schedule for commissioning in April 2019. The Company is also conducting a Feasibility Study for its larger Phase 1 L-Max® Plant Project, targeting commissioning in late 2020. Feed to both the Pilot Plant and Phase 1 Plant is planned to be sourced from the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Mota Ceramic Solutions. Lepidico has delineated a JORC Code-compliant Inferred Mineral Resource estimate at Alvarrões of 1.5 Mt grading 1.1% Li_2O.

Lepidico's current exploration assets include a farm-in agreement with Venus Metals Corporation Limited (ASX:VMC) over the lithium mineral rights at its Youanmi Lithium Project in Western Australia. Lepidico has also entered into a Letter of Intent with TSX listed Avalon Advanced Materials Inc. for planned lithium mica concentrate supply from its Separation Rapids Project in Ontario, Canada.

The Consolidated Group incurred an operating loss after income tax of $2,176,276 (31 December 2017: $3,516,995) for the half year ended 31 December 2018.

DEVELOPMENT

Phase 1 L-Max® Plant Feasibility Study

During the period Lycopodium Minerals Pty Ltd, a subsidiary of Lycopodium Limited (ASX:LYL) ("Lycopodium") completed the final engineering for the Phase 1 L-Max® Plant and provided Lepidico with a draft report which is under internal review by Lepidico and Strategic Metallurgy Pty Ltd ("Strategic Metallurgy") and is scheduled to be completed in February 2019. The engineering is based on a nominal concentrate throughput rate of 6.9 tonnes per hour (tph) to produce approximately 5,000 tpa of lithium carbonate equivalent ("LCE"), plus by-products of SOP fertiliser, amorphous silica and sodium sulphate. This compares with the production rate contemplated in the pre-feasibility study of 2,500 tpa to 3,000 tpa LCE (at a throughput of 3.6 tph).

Variability testwork to maximise the flotation recovery of both lepidolite and amblygonite was conducted during the period. The leach tests were carried out under standard process conditions to determine the amenability of lithium extraction from blended mica and amblygonite bulk flotation concentrates, sourced from Alvarrões. Excellent results were achieved with overall lithium extraction of over 96% after 24 hours, confirming that blended lithium mica and phosphate mineral concentrates can be processed with no material attenuation in metal recovery.

A three month research collaboration with the Department of Earth and Environmental Sciences at the University of Waterloo in Ontario and Knight Piésold Consulting was undertaken to characterise the blended residue streams from the L-Max® process and assess this material as a potential by-product for the environmental reclamation of city landfill sites. Encouraging results were received for a significant proportion of the residue mass. Growth trials were also performed using the residue blended with various proportions of other materials including soil, peat and clay, with further encouraging results. Follow up work programmes are being designed. Funding support for this study work was approved by the Natural Sciences and Engineering Research Council, which will contribute to the cost of the next phase of work.

A conceptual two-year capacity residue storage facility (RSF) design has been incorporated into the feasibility study. However, RSF engineering has been deferred pending further results from the testwork programme being undertaken by the University of Waterloo, as assuming a large proportion of the residue mass can be used as a product, the need to have a dedicated RSF on site may be eliminated, thereby potentially making the Phase 1 Plant a "zero waste" facility.

A draft project description for the Phase 1 Plant Project was submitted to the Ministry of Energy, Northern Development and Mines and feedback is pending. Environmental baseline work is scheduled to be completed by end March 2019 along with a Project closure plan. The permitting process, which is on the critical path for the project is scheduled to conclude in the second half of calendar year 2019. Marketing and registration activities for the planned Phase 1 Plant by-product suite continued and is also on the critical path.

Alvarrões Lepidolite Mine (Gonçalo), Portugal[1]
A process design pack was completed during the period for the Alvarrões concentrator based on an ore feed rate of 134,000 tonnes per annum (tpa) to produce approximately 40,000tpa of lepidolite and amblygonite concentrates. Lithium recovery to concentrate is estimated at 93%. The plant is also designed to produce a feldspar concentrate for sale into the local ceramics market. A Request for Proposal will be issued in February 2019 to equipment suppliers specialising in the design of turn key small-scale modular and semi-transportable process plants. After award it is expected that the concentrator Feasibility Study engineering work will be completed by the end of the current financial year.

Geotechnical and geochemical waste rock characterisation work was undertaken to allow mine and process plant site designs to be developed with the former integrated into an Ore Reserve estimate, scheduled for the end June 2019. Site wide water balance modelling and waste and surface water management plans are scheduled for completion by March 2019. This will allow feasibility study reporting to commence.

The Environmental Impact Study (EIS) continued for the Alvarrões mine expansion and concentrator development with terms of reference submitted to the regulator for review. Environmental studies are scheduled to commence by March 2019 prior to the mine plan being finalised and submitted by June

[1] Lepidico announced on 9 March 2017 that it had signed a term sheet for ore off-take from the Alvarrões lepidolite mine with Grupo Mota, the 66% owner and operator of Alvarrões.

2019. Permits and approvals continue to represent the critical path for the project. Based on the prescribed process timeframes it is estimated that the requisite project permits would be received during the second half of calendar 2019.

Alvarrões Exploration Drilling
An initial programme of reverse circulation ("RC") drilling was conducted east of the Alvarrões Lepidolite Mine area. The programme comprised 14 RC holes for a total of 929 metres. In all, 254 samples of pegmatite and proximal granite wall rock were collected and submitted for assay. This programme identified multiple sub-horizontal lepidolite-bearing pegmatites including intercepts of 4 m @ 0.86% Li_2O and 3 m @ 0.85% Li_2O from "Sill E." Each of the 14 holes intersected anomalous lithium mineralisation. These positive initial results provided the confidence to extend the exploration drill programme by further exploring the central area of Sill E with three diamond holes to obtain more accurate data on position, thickness and mineralogy of the pegmatite sills in this area. This work was completed in late December with assays pending.

Alvarrões Resource Drilling
A Mineral Resource infill diamond drilling programme comprising 25 holes for 1,320 m of HQ core over parts of the Block 1-2 and Block 3 areas of the Alvarrões Lepidolite Mine was completed during the period. The objective of this programme is to increase the confidence in the central part of the current JORC Code-compliant Inferred Mineral Resource (of 1.5 Mt @ 1.1% Li_2O) into Measured and Indicated categories. Assay results are due in February 2019 and the revised Mineral Resource estimate is scheduled for late March.

Drilling was on a nominal 50 m x 50 m grid to provide spatial consistency of data. The drilling intercepted multiple sills of lepidolite-bearing pegmatite, with the closer drill hole spacing identifying variations in sill thickness, position (depth) and lepidolite content. The average lepidolite content is expected to remain around 15% - 20%, for approximately 1.0% Li_2O.

An additional thick, lepidolite-rich sill, "Sill P", was identified at a depth of 15m-20m beneath Sill O, the lowest of the three sills that comprise the initial Mineral Resource estimate. Sill P is 3m - 5m thick and carries 10%-30% lepidolite.

The work at Alvarrões is part of Lepidico's Mineral Resource definition programme to establish a multi-deposit inventory of high-quality lithium mica Mineral Resources to provide feedstock for not just the proposed Phase 1 L-Max® Plant but also conceptual full-scale L Max® plants.

Full-Scale L-Max® Plant Scoping Study
In parallel with the engineering work for the Phase 1 Plant Feasibility Study, budget prices will be sought for larger scale major equipment items. This data will inform an initial capital cost estimate to be made for a full-scale L-Max® plant during the first half of 2019.

Encouraging results were received from by-product market, logistics and key consumables studies undertaken for three prospective strategic L-Max® locations outside of North America, two of which appear to be particularly favourable. Further desktop work is scheduled for the first half of 2019 with the objective of developing scoping study level capital and operating cost figures for L-Max® plant configurations ranging from 10,000tpa to 20,000tpa LCE. Initial indications are that significant economies of scale will apply at higher throughput rates, in particular for the L-Max® chemical plant but also for ore concentration.

RESEARCH & DEVELOPMENT

Following the completion of the Entitlement Offer in September 2018, the Company committed to the development of a small-scale L-Max® pilot plant, in collaboration with consultants Strategic Metallurgy.

Pilot Plant Development
The capital cost is estimated to be A$3 million with a further A$1.5 million estimated for operation.

The 15 kilogram per hour (kgph) facility will be built and operated in Perth, Australia and employ similar equipment to that proposed in the Phase 1 L-Max® plant design, albeit of smaller scale. The scale-up ratio from the pilot plant to the Phase 1 Plant will be around 480 times (15kgph to 6.7tph on a post debottlenecked basis), less than one tenth of that versus scale-up from the February 2017 mini-plant operation.

At the end of the period orders had been placed for all major mechanical equipment and the first pieces of fabricated equipment had arrived on site. Fabrication of the steel skids that will house the process equipment is complete and delivery commenced in January 2019, allowing plant construction to commence. At the end of December 2018, 51% of the budget had been committed, with the Project tracking within budget before contingency. Pilot Plant commissioning remains on schedule for April 2019.

Capital cost savings versus budget in the leach, lithium recovery and sodium sulphate recovery circuits have allowed for an upgrade of plant instrumentation and control systems compared with the original design. The electrical and control systems will more closely reflect the planned design for the Phase 1 Plant and allow for greater operating data capture.

A 20 tonne sample of lepidolite sourced from the Alvarrões Mine is being shipped to Perth for delivery in late February 2019. This material will be further concentrated, at a facility operated by Strategic Metallurgy, to a grade of approximately 4% Li_2O, prior to being fed to the pilot plant.

The decision to develop an L-Max® pilot plant was based, in large part on feedback from prospective offtake/finance parties. By way of background, Lepidico commenced its strategic partner outreach programme in Japan in 2015, by retaining an industry specialist to facilitate access to prospective Japanese strategic investors in lithium chemical production and marketing. Subsequently this programme has been expanded to include three further corporate advisors (on success-based mandates) with specific expertise in other parts of Asia, Europe and North America. One of these advisors is also an industry specialist in the lithium chemical sector. The objective of the ongoing strategic partner programme is to secure an industry partner or partners for the Phase 1 L-Max® Plant Project that will provide a proportion of the associated development capital stapled to long term offtake arrangements for its products, in particular lithium carbonate.

Pilot plant operation will also allow part of the S-Max™ process to be evaluated in continuous operation for the first time, with amorphous silica being the end product.

Pilot plant commissioning is scheduled to coincide with completion of the Phase 1 Plant feasibility study, thereby allowing prospective offtake/finance partners the opportunity to conduct comprehensive due diligence from April 2019.

L-Max® Product Development
Another benefit of the pilot plant is that it will provide material for further product development work, in particular for: amorphous silica, SOP fertiliser, caesium brine and the use of the L-Max® residue as a land reclamation product. The considerable quantities of materials generated will enable further work to enhance the quality and value of each product, and potentially allow new products to be evaluated. The lithium carbonate produced from the pilot plant is planned to be used to provide samples for testing by prospective customers. The pilot plant will also generate data for optimisation of Phase 1 Plant operating parameters.

Caesium brine
A caesium brine grading 32% caesium, 8% rubidium and less than 1% potassium has been produced in the laboratory from a lepidolite concentrate generated from the Alvarrões mine in Portugal. Further testwork is planned with the objective of producing a marketable quality caesium brine, while also refining the associated process circuit. No value was considered for caesium products in the Phase 1 L-Max® Plant Pre-Feasibility Study ("PFS").

Amorphous silica
Since lodging the provisional patent application for S-Max™ in May 2018, Lepidico, in collaboration with Strategic Metallurgy, has been evaluating alternative uses for amorphous silica generated from the L-Max® leach residue. Testwork has indicated that this silica residue is suitable for use in concrete as a Supplementary Cementitious Material (SCM).

When added to Ordinary Portland Cement (OPC) and water the SCM reacts (with the excess calcium hydroxide generated by the OPC reaction with water) to yield additional cementitious material. This is a valuable attribute of the residue, as substitution of OPC with L-Max® silica residue could reduce both concrete production costs and the embodied CO_2 content within the concrete, while increasing its strength for equivalent OPC additions.

Tests conducted by Strategic Metallurgy resulted in a significant increase in concrete compressive strength of up to 30% when the L-Max® residue replaced 10% of the OPC and after curing for approximately 20 days. Subsequent tests by Boral, conducted according to ASTM C1240 standard specification for silica fume used in cementitious mixtures, resulted in strength increases ranging from 4 to 11% versus the baseline 100% OPC sample after curing for just 7 days. Compressive strength increases with curing time and further testwork is planned.

Production of amorphous silica from the planned Phase 1 L-Max® Plant will simplify the process flowsheet versus the PFS, which assumed the production of sodium silicate. The associated operating cost and capital cost savings are expected to be offset by lower revenue and are planned to be incorporated into the current feasibility study. A market study has commenced for the sale of amorphous silica from the Phase 1 Plant and the Company is pursuing commercial alternatives in this regard. Once in operation the research and development of alternative higher value silica products may be considered.

LOH-Max™ - Lithium Hydroxide Process
On 18 February 2019, the Company announced that high purity lithium hydroxide had been produced using a new process, LOH-Max™, developed by the principals of Strategic Metallurgy Pty Ltd ("Strategic Metallurgy"). A binding exclusivity arrangement has been entered into with the developers of the process technology, whereby Lepidico has the right to use the process and sole rights for marketing the technology to third parties worldwide.

Patents
The Company currently holds International Patent Application PCT/AU2015/000608 and a granted Australian Innovation Patent (2016101526) in relation to the L-Max® Process.

In 2017, the Company proceeded with the national and regional phase of patent applications in the main jurisdictions in which L-Max® may operate in the future. This regional phase of the patent process is expected to continue into 2019.

In addition, the Company holds an Australian Patent Application (2018901424) in relation to the S-Max™ Process.

EXPLORATION

Lepidico's exploration strategy is to identify and secure lithium mica deposits that are capable of providing material quantities of quality L-Max® concentrate feed. In parallel, to work undertaken at Alvarrões, ongoing evaluation of lithium mica projects continues both in Australia and globally.

Youanmi Lepidolite Project, Youanmi, Western Australia[2]

On 26 July 2018 the Company entered into an option agreement with Venus Metals Corporation Limited (ASX:VMC) ("Venus") to explore for lithium mineralisation on exploration licence E57/983 located in the Murchison District in Western Australia, approximately 20 km southwest of the historical Youanmi gold mine.

During the period the Company completed a reconnaissance mapping and sampling program followed by two phases of reverse circulation ("RC") drilling.

An initial drilling program in August 2018 comprised 38 holes for a total of 936 metres of RC drilling and was directed at three zones containing outcropping pegmatites over a 2 km portion of the northern half of E57/983. Good results were returned from the Northern Zone, where a single 4m to 5m thick pegmatite was intercepted over a strike of 250 m, and the Central Zone, which contains complex of thin pegmatites over a 300 m x 200 m area.

Following the encouraging results from the initial program a follow-up RC drilling program comprising 38 holes for 811 metres was implemented over the Northern and Central Zones, which confirmed multiple lepidolite-bearing pegmatites. Specifically, the Central Zone contains a complex cluster of over ten pegmatites ranging from 1 m to 7 m in thickness. Average grades over mineralised intercepts range from 0.4% Li_2O to 0.7% Li_2O and often exceed 1.0% Li_2O. At the Northern Zone, the results show the main pegmatite continues as a 3 m to 5 m thick body to at least 50 m depth in places, carrying 10%-25% lepidolite with average grades of 0.7% Li_2O.

A full review and interpretation of the results is underway. Although the Youanmi pegmatites are relatively thin, early indications suggest the presence of a number of strongly lepidolite-mineralised individual pegmatites that could collectively represent an economic opportunity.

Future work at the project will depend on the outcomes from the ongoing interpretation of the results.

CORPORATE

As at 31 December 2018, Lepidico had cash and cash equivalents of $8.0 million and no debt.

Entitlement Offer

During the period the Company completed a pro-rata Renounceable Entitlement Offer (Entitlement Offer) of fully paid ordinary shares (New Shares) on the basis of one (1) New Share for every seven (7) existing shares held at the record date with 1 for 2 free attaching options (New Options) at $0.019 per New Share. New Options have an exercise price of 4.5 cents, a term of two years and are listed under the ASX code LPDOA.

The Company raised $7.9 million (before costs) under the Entitlements Offer and issued 417,877,158 New Shares and 208,938,579 New Options. Due to overwhelming demand, the Company agreed to place a further 13,157,894 fully paid ordinary shares at $0.019 with 6,578,947 attaching LPDOA options to raise an additional $250,000 ("Placement")

[2] Lepidico announced on 26 July 2018 that it had entered into an option agreement with Venus Metals Corporation Limited (ASX:VMC) to earn up to an 80% interest in lithium pegmatite rights within exploration licence E57/983.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001(Cth)* for the half year ended 31 December 2018 is included on page 11 of the Financial Report.

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 25th day of February 2019

*The information in this report that relates to the **Alvarrões** Mineral Resources is based on information that has been compiled by Dean Carville, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Dean Carville is a full-time employee of AMC Consultants Pty Ltd. Dean Carville has sufficient experience that is relevant to the style of mineralization 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 Exploration Results, Mineral Resources and Ore Reserves. Dean Carville consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

AMC is a firm of mineral industry consultants whose activities include the estimation of Mineral Resources. AMC has been paid a fee according to its normal per diem rates and out-of-pocket expenses on completing the scope of work for Lepidico. The fee is not contingent on the results of the scope of work. Neither Dean Carville nor other AMC employees involved in completing the scope of work have any pecuniary or beneficial interest in Lepidico.

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.

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.

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

I declare that to the best of my knowledge and belief, for the half year ended 31 December 2018 there has been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of February 2019

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 Restated $
Revenue		-	61,170
Other income		40,565	135,377
		40,565	196,457
Business development expenses		(346,723)	(226,014)
Administrative expenses	2	(734,958)	(960,428)
Employment benefits		(564,554)	(381,263)
Depreciation		(4,658)	(2,892)
Share based payments		(520,000)	(2,137,500)
Exploration and evaluation expenditure expensed		-	(5,355)
Realised Foreign Exchange Gain/(Loss)		(45,948)	-
Loss before income tax		(2,176,276)	(3,516,995)
Income tax expense		-	-
Loss from continuing operations		(2,176,276)	(3,516,995)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		39,407	-
Total comprehensive loss for the half year attributable to owners of the Group		**(2,136,869)**	**(3,516,995)**
Loss per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted loss per share		(0.001)	(0.002)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
For the half year ended 31 December 2018

	Note	31 December 2018 $	30 June 2018 Restated $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		7,993,246	4,859,962
Trade and other receivables		334,805	624,556
TOTAL CURRENT ASSETS		8,328,051	5,484,518
NON-CURRENT ASSETS			
Trade and other receivables		87,374	87,114
Property, plant and equipment		22,391	27,049
Exploration and evaluation expenditure	3	1,678,641	729,697
Intangible asset	4	22,304,174	19,026,700
TOTAL NON-CURRENT ASSETS		24,092,580	19,870,560
TOTAL ASSETS		32,420,631	25,355,078
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,367,552	804,475
Short-term provisions		68,288	51,030
TOTAL CURRENT LIABILITIES		1,435,840	855,505
TOTAL LIABILITIES		1,435,840	855,505
NET ASSETS		**30,984,791**	**24,499,573**
EQUITY			
Issued capital		48,950,899	40,733,812
Reserves		3,805,016	3,360,609
Accumulated losses		(21,771,124)	(19,594,848)
TOTAL EQUITY		**30,984,791**	**24,499,573**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the half year ended 31 December 2018

	Issued Capital		Reserves			
	Number of shares	Amount	Options	Foreign Currency Translation	Accumulated Losses	Total
		$	$	$	$	$
Balance at 1 July 2017	2,035,978,065	31,491,798	1,513,250	-	(12,375,135)	**20,629,913**
Loss for the period	-	-	-	-	(3,516,995)	**(3,516,995)**
Options issued during the period	-	-	2,137,500	-	-	**2,137,500**
Options exercised during the period	32,500,000	642,500	-	-	-	**642,500**
Fair value of options exercised	-	264,500	(264,500)			
Shares issued during the period	811,542,832	8,491,534	-	-	-	**8,491,534**
Costs related to shares issued	-	(740,521)	190,000	-	-	**(550,521)**
Balance at 31 December 2017	**2,880,020,897**	**40,149,811**	**3,576,250**	**-**	**(15,892,130)**	**27,833,931**
Balance at 1 July 2018	2,901,520,897	40,733,812	3,377,750	(17,141)	(19,594,848)	**24,499,573**
Loss for the period	-	-	-	-	(2,176,276)	**(2,176,276)**
Other comprehensive loss	-	-	-	39,407	-	**39,407**
Options issued during the period	-	-	565,000	-	-	**565,000**
Options exercised during the period	20,000,000	363,000	-	-	-	**363,000**
Fair value of options exercised	-	160,000	(160,000)	-	-	**-**
Shares issued during the period	434,654,291	8,309,674	-	-	-	**8,309,674**
Costs related to shares issued		(615,587)				**(615,587)**
Balance at 31 December 2018	**3,356,175,188**	**48,950,899**	**3,782,750**	**22,266**	**(21,771,124)**	**30,984,791**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the half year ended 31 December 2018

	31 December 2018 $	31 December 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from external parties	-	89,482
Payments to suppliers and employees	(2,063,422)	(1,824,474)
Interest received	30,643	25,287
Net cash used in operating activities	(2,032,779)	(1,709,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation activities	(581,602)	(1,056,168)
Payments for research and development activities	(2,758,625)	(795,260)
Proceeds from research and development tax credit	484,796	467,718
Payments for property, plant and equipment	-	(3,047)
Proceeds from sale of tenements	-	110,000
Net cash used in investing activities	(2,855,431)	(1,276,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of costs)	7,619,087	6,589,622
Proceeds from exercise of options	363,000	642,500
Net cash provided by financing activities	7,982,087	7,232,122
Net increase in cash held	3,093,877	4,245,660
Cash at beginning of financial year	4,859,962	3,307,337
Effect of foreign exchange rate changes	39,407	-
Cash at end of financial period	**7,993,246**	**7,552,997**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the Half-Year ended 31 December 2018

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. 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.

Note 1(a) Basis of Preparation

This general purpose interim financial report for the half year reporting period ended 31 December 2018 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Consolidated Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group and does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These financial statements were authorised for issue on 25 February 2019

The accounting policies and methods of computation applied are the same as those applied by Lepidico Ltd in its annual report for the year ended 30 June 2018, except for the changes described below.

Note 1(b) New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. As a result the Group has made some changes to its accounting policies as a result of adopting the following standards:

- AASB 9: Financial Instruments, and
- AASB 15: Revenue from Contracts with Customers.

The impact of the adoption of these standards and the respective accounting policies are disclosed in Note 1(f)

Note 1: Statement of significant Accounting Policies (Continued)

Note 1(c) Impact of Standards Issued but Not Yet Applied by the Group

AASB 16: Leases

AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related Interpretations. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. The Group is currently assessing the impact of the standard and, assuming its existing lease arrangements remain substantially unchanged, expects to recognise a Right of Use Asset and Lease Liability as at 1 July 2019. The Group does not expect any significant impact to assets and liabilities, nor to Net Profit After Tax (NPAT) from the application of the standard.

The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

Note 1: Statement of Significant Accounting Policies (Continued)

Note 1(d) 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 Group incurred a net loss of $2,176,276 for the half year to 31 December 2018 and had a net cash outflow from operations of $2,032,779 for the period. Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate based upon the available net current assets of $6,892,211 as at 31 December 2018.

The ability of the Group to continue as a going concern is dependent on the Group being able to continue to raise additional funds as required to meet ongoing exploration and development programs and for working capital. On 25 September 2018 the Company completed an Entitlement Offer. The Offer was oversubscribed and the Company raised $7.9 million (before costs). Due to overwhelming demand, the Company completed a private placement and raised an additional $250,000. The Directors believe that the Group will be able to raise additional capital as required based on the successful outcome of the Entitlement Offer and ongoing interest in the Company and the long term outlook for the lithium industry generally.

Note 1(e) Restatement of Prior Period Estimate – Fair Value of Options Issued

Under AASB 2 Share Based Payments, options issued to KMP are to be valued relative to the Company's stock price on the date of issue. The equity options issued to KMP immediately following shareholder approval at the 2017 AGM were issued with an exercise price at a 50% premium to the 5 day Volume Weighted Average Price of LPD shares immediately prior to the date of issue.

On 30 June 2018, the Company reviewed the assumptions used in the options valuation and revised the volatility used in the Black-Scholes valuation to better reflect the expected volatility over the life of the options. As this revision was made in the prior reporting period the comparatives have been amended to reflect the revised fair value.

	31 December 2017 Original Balance $	Amount of Adjustment $	31 December 2017 Restated Balance $
Consolidated Statement of Profit and Loss and Other Comprehensive Income			
Share based payments	(2,537,500)	400,000	(2,137,500)

Note 1: Statement of Significant Accounting Policies (Continued)

Note 1(f) Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

a. AASB 9: *Financial Instruments*

Accounting Policies

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 (i.e. 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 significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

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

A financial liability is measured at fair value through profit or 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.

Note 1: Statement of Significant Accounting Policies (Continued)

Note 1(f): Changes in Accounting Policies (Continued)

A financial liability is held for trading if:

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

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 to other comprehensive income enlarges or creates an accounting mismatch, then the gains or losses are taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (if not designated as at fair value through profit or loss and not arising from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

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 the two primary criteria:

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

Note 1: Statement of Significant Accounting Policies (Continued)

Note 1(f) Changes in Accounting Policies (Continued)

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

- 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 is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- 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 asset 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;
- 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 or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Group may make an irrevocable election to measure any subsequent changes in fair value of the equity instrument 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.

Note 1: Statement of Significant Accounting Policies (Continued)

Note 1(f) Changes In Accounting Policies (Continued)

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 (i.e. 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 the following criteria need to be satisfied for derecognition of financial assets:

- 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 (i.e. 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 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 of equity which was elected to be classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the

investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Note 1: Statement of Significant Accounting Policies (Continued)

Note1(f) Changes in Accounting Policies (Continued)

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 (e.g. 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. Under the AASB 9, there are two ways to measure expected credit loss:

- 12-months expected credit loss that result from possible default events within 12 months from the reporting date; and
- Lifetime expected credit loss that result from all possible default events over the expected life of a financial instruments

The Group expect to apply the simplified approach to recognise expected lifetime expected credit losses for trade receivables as permitted by AASB 9.

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc).

Note 1: Statement of Significant Accounting Policies (Continued)

Note1(f) Changes in Accounting Policies (Continued)

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 (e.g. 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.

Impact on the application of AASB 9

The Group has adopted AASB 9 with a date of initial application of 1 July 2018.

There has been no significant impact on the Group's financial statements from the application of AASB 9.

Impairment

As per AASB 9, an expected credit loss model is applied and not an incurred credit loss model as was applied under the previous standard, AASB 139. To reflect changes in credit risk, this expected credit loss model requires the group to account for expected credit losses since initial recognition.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

There has been no significant impact on the Group's financial statements from the application of the expected credit loss model.

b. AASB 15: Revenue from Contracts with Customers

Accounting Policies

Revenue Recognition
There have been no changes to revenue recognition polices from those adopted at 30 June 2018 as a result of adoption of the new standard.

Impact on application of AASB 15

There has been no significant impact on the Group's financial statements from the application of AASB 15.

Note 2: Administrative Expenses

	31 December 2018 $	31 December 2017 $
Office & general	165,574	191,570
Professional services	126,737	431,359
Compliance related	226,880	164,506
Travel	215,767	154,652
	734,958	942,087

Other Significant Administrative Expenses

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

Takeover Defence	-	18,341
Total Administrative Expenses	**734,958**	**960,428**

Note 3: Exploration and Evaluation Expenditure

	31 December 2018 $	30 June 2018 $
Exploration expenditure	1,678,641	729,697

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.

Reconciliation of movements during the period:	6 months ended 31 December 2018 $	12 months ended 30 June 2018 $
Balance at the beginning of period	729,697	1,619,842
Exploration and evaluation costs capitalised	948,944	1,280,670
Exploration and evaluation costs written off	-	(2,170,815)
Balance at the end of the period	**1,678,641**	**729,697**

Note 4: Intangible asset

	31 December 2018 $	30 June 2018 $
L-Max® Technology	22,217,097	19,010,660
S-Max™ Technology	87,077	16,040
Balance at the end of the period	22,304,174	19,026,700

The recoverability of the carrying amounts of the L-Max® and S-Max™Technology is dependent on either its successful development and commercial exploitation or the sale of the assets.

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

Reconciliation of movements during the period:	6 months ended 31 December 2018 $	12 months ended 30 June 2018 $
Balance at the beginning of period	19,026,700	16,698,154
Development costs capitalised	3,277,474	2,813,341
Research and Development Tax Credit received/receivable	-	(484,795)
Balance at the end of the period	**22,304,174**	**19,026,700**

Note 5: Share Based Payments

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

a) **Youanmi Lepidolite Option Agreement**
On 31 July 2018, the Company issued 3,619,254 fully paid shares as part of the option consideration under the Youanmi Lepidolite Option Agreement announced by the Company on 26 July 2018.

b) **CPS Capital**
On 1 October 2018, the Company issued 5,000,000 options to CPS Capital as part of the Underwriiting Agreement for the Entitlement Offer. The options have an exercise price of 4.5 cents, a term of two years and are listed under the ASX code LPDOA.

c) **Related Party Options**
On 22 November 2018, the Company issued a total of 65,000,000 options to Directors and Employees under the Company's Share Option Plan. The option exercise price was set at $0.026 per share, being a 50% premium to the closing price on the day immediately preceding the issue.

Note 6: Segment reporting

Reportable Segments

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

	Mineral Exploration $	Technology $	Corporate & Unallocated items $	Total $
(i) Segment performance for the Half year ended:				
31 December 2018				
Revenue	10,000	-	30,565	40,565
Total Profit/(Loss)	10,000	-	(2,186,276)	(2,176,276)
31 December 2017				
Revenue	110,000	61,170	25,287	196,457
Total Profit/(Loss)	104,645	51,221	(3,672,861)	(3,516,995)
(ii) Segment assets				
As at 31 December 2018	1,678,641	22,304,174	8,437,816	32,420,631
As at 30 June 2018	729,697	19,026,700	5,598,681	25,355,078

Geographical Information

	Australia $	Canada $	Europe $	Total $
(i) Segment performance for the Half year ended:				
31 December 2018				
Revenue	40,565	-		40,565
Total Profit/(Loss)	(1,563,097)	(523,825)	(89,354)	(2,176,276)
31 December 2017				
Revenue	196,457	-	-	196,457
Total Profit/(Loss)	(3,516,995)	-	-	(3,516,995)
(ii) Segment assets				
As at 31 December 2018	31,064,430	205,954	1,150,247	32,420,631
As at 30 June 2018	24,629,530	21,682	703,866	25,355,078

Note 7: Commitments

Operating lease commitments

	31 December 2018 $	30 June 2018 $
Not later than one year	87,337	100,746
After one year but less than two years	7,278	50,251
	94,615	150,997

Exploration lease commitments

The Group must meet the following tenement expenditure commitments 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:

	31 December 2018 $	30 June 2018 $
Not later than one year	393,500	-
After one year but less than five years	-	-
	393,500	-

Note 8: Contingent Liabilities and Contingent Assets

There are no contingent liabilities as at 31 December 2018.

Directors' Declaration

In accordance with a resolution of the directors of Lepidico Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 28 are in accordance with the Corporations Act 2001, including:
   a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Joe Walsh
Managing Director

Dated this 25th day of February 2019

MOORE STEPHENS

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF LEPIDICO LTD

REPORT ON THE REVIEW OF THE FINANCIAL REPORT

Report on the Half-year Financial Report

Conclusion
We have reviewed the accompanying half-year financial report of Lepidico Limited which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lepidico Limited is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Directors' Responsibility for the Half-Year Financial Report
The directors of Lepidico Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Lepidico Limited's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lepidico Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of Lepidico Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on this 25th day of February 2019