



LEPIDICO

ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 30 June 2019

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

Key Points

Operations

- Integration of the Karibib Lithium Project in Namibia started in early July following the successful business combination with Desert Lion Energy.
- Lepidico holds an 80% interest in the Karibib Lithium Project which includes Mineral Resources of 8.8M tonnes grading 0.56% Li_2O within a 68km² Mining Licence area and four granted exploration tenements encompassing 1,054 km² of the prospective Karibib Pegmatite Belt.
- The design and construct phase of the L-Max[®] Pilot Plant concluded on 30 April, as per schedule and within budget before contingency. Commissioning of the leach and impurity removal circuits completed in June, and continuous operation for Campaign 1 started in early July.
- A Memorandum of Understanding was entered into with Gulf Fluor LLC for: 1) the supply of sulphuric acid; 2) provision of land to construct the Phase 1 Plant Project; and 3) the marketing of Phase 1 Plant by-products to be sold within the region.
- Considerable capital cost savings have been identified associated with the integration of LOH-Max[™] into the Phase 1 Plant design. Engineering work commenced in June to incorporate LOH-Max[™] and the alternative location for the plant in Abu Dhabi. Importantly the plant design will not contemplate production of sodium sulphate.
- Results for the integrated Phase 1 Plant Feasibility Study are scheduled for completion in the March 2020 quarter. Mine and concentrator design work has commenced for both Karibib and Alvarrões, to allow inaugural Ore Reserves to be estimated for both Projects.
- Global Mineral Resource tonnes at Alvarrões increased by 290% and contained lithium rose by approximately 210%, versus the December 2017 estimate. The Mineral Resource is now estimated at 5.87 Mt @ 0.87% Li_2O in Indicated and Inferred categories.

Corporate

- Cash and cash equivalents as at 30 June 2019 of \$13.7 million (pre-Desert Lion Energy Business Combination).
 - Oversubscribed Renounceable Entitlement Offer raising over \$11.1 million (before costs).
 - National and regional patent processes for L-Max[®] and S-Max[™] progressing.
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OVERVIEW & OUTLOOK

Lepidico continues to have a zero-harm track record since health, safety and environmental incident reporting began in September 2016. The Desert Lion Energy business combination closed on 11 July 2019, transforming Lepidico into a vertically integrated lithium development company from mine to chemical conversion plant. Work has commenced to integrate the Karibib Lithium Project into the Phase 1 Plant Feasibility Study, the results of which are scheduled for the March 2020 quarter. Lycopodium Minerals Pty Ltd (“Lycopodium”) commenced a revised engineering programme to locate the Phase 1 Plant in Abu Dhabi and to incorporate a LOH-Max™ circuit, with designed output capacity of approximately 5,500 tonnes per annum (tpa) lithium hydroxide. This work is scheduled to complete in the December 2019 quarter.

Commissioning of the L-Max® Pilot Plant commenced on schedule in May 2019 after the development was completed within budget prior to contingency being drawn. Concentrate feed to the pilot plant commenced in late June and continuous operations for Campaign 1 started in early July. Interpretation of data collected from the Pilot Plant is scheduled to be completed in August, with findings subsequently incorporated into the Phase 1 Plant design. One early indication is that the plant filters performed significantly better than predicted in this application, with positive implications for further capital cost savings for the Phase 1 Plant.

Following the substantial increase in the Alvarrões Mineral Resource to 5.87 Mt @ 0.87% Li₂O (including 2.60 Mt @ 0.87% Li₂O Indicated and 3.27 Mt @ 0.87% Li₂O Inferred) studies commenced to determine the optimal mining methods for maximising conversion of Resources to Ore Reserves. This work includes underground assessment for the extraction of the newly discovered Sill P at depth.

Permitting and approvals timelines for the Phase 1 Project have become more certain with the Karibib Lithium Project and the location of the L-Max® chemical plant in Abu Dhabi now being contemplated. An awarded Mining Licence covers mine developments at the Rubicon and Helikon deposits and an associated mineral concentrator at the Karibib Lithium Project. Furthermore, prescribed permitting processes exist for developments at the Industrial City of Abu Dhabi (ICAD), with 4-6 month lead times. Qualification and registration processes for the various L-Max® products along with project financing now represent the key critical path elements for the integrated Project.

DEVELOPMENT

Karibib Lithium Project (80%)

A summary of the terms of the business combination with Desert Lion Energy is provided in the Corporate section of this report. This transaction provides Lepidico with direct ownership of its first lepidolite Mineral Resources (JORC-2012) and a large prospective exploration package in Namibia. The Rubicon and Helikon deposits, located approximately 17km outside of the town of Karibib, were mined at various times during the twentieth century primarily for petalite with some tantalite, quartz and minor lepidolite production.

The first lepidolite Mineral Resource was estimated in 2018 under NI43-101 and was subsequently confirmed with a JORC Code (2012) compliant Mineral Resource estimate in June 2019 of 8.8Mt grading 0.56% Li₂O, comprising Indicated Resources of 3.0 Mt grading 0.63% Li₂O and Inferred Resources of 5.8Mt grading 0.53% Li₂O at a 0.20% Li₂O cut-off (Table 1). Due diligence indicated the Karibib Lithium Project could provide feed to Lepidico’s planned Phase 1 Plant for approximately 14 years, based on the current Mineral Resources base.

Importantly, a ten year Mining Licence was issued in 2018 for the re-development of mines at Rubicon and Helikon and the development of a flotation plant to produce a lepidolite concentrate, thereby substantially reducing permitting risk and providing an opportunity to rapidly transition to development. Furthermore, an evaluation is being undertaken of the used processing equipment

purchased by Desert Lion to determine its suitability for use in a new concentrator, including the refurbishment of two mills and two banks of flotation cells.

Table 1. JORC Code (2012) MRE for the Rubicon and Helikon deposits within ML204

	Deposit	Resource Category	Cut-off (%Li₂O)	Tonnes (thousands)	Li₂O (%)	Ta₂O₅ (ppm)
Rubicon	Rubicon Main	Indicated	0.20	3,006.9	0.63	70
	Rubicon Main	Inferred	0.20	1,600.9	0.58	67
Helikon	Helikon 1	Inferred	0.20	2,030.0	0.62	105
	Helikon 2	Inferred	0.20	215.6	0.56	180
	Helikon 3	Inferred	0.20	294.7	0.48	75
	Helikon 4	Inferred	0.20	1,510.1	0.38	47
	Helikon 5	Inferred	0.20	179.2	0.31	44
TOTAL	Rubicon-Helikon	Indicated	0.20	3,006.9	0.63	70
	Rubicon-Helikon	Inferred	0.20	5,830.4	0.53	53

1. The Mineral Resource is stated as at 1 October 2018.
2. The Mineral Resource is depleted by surface and underground excavations where available.
3. All tabulated data have been rounded and as a result minor computational errors may occur.
4. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
5. The gross Mineral Resource for the project is reported.
6. Preliminary mineralogical work has demonstrated that the lithium mineralogy is dominantly lepidolite, which increases in proportion to other lithium bearing minerals with increasing Li₂O grade.

L-Max[®] amenability testwork undertaken on a sample of Karibib lepidolite mineralisation returned excellent results, with a lithium extraction of 94% from concentrate and production of lithium carbonate with 99.8% purity.

Supply & Marketing alliance with Gulf Fluor

During the quarter the Company entered into a non-binding Memorandum of Understanding (MoU) with Gulf Fluor LLC (“Gulf Fluor”), an established Abu Dhabi based industrial chemicals company, for: 1) the supply of sulphuric acid; 2) provision of land to construct the Phase 1 Plant Project; and 3) the marketing of Phase 1 Plant by-products to be sold within the region.

Gulf Fluor is an Abu Dhabi based industrial chemical manufacturing company, established in 2008. The Gulf Fluor Industrial complex consists of a sulphuric acid plant with a production capacity of 140,000 tonnes per annum (tpa), hydrogen fluoride plant with a capacity of 54,000tpa, and aluminium fluoride plant with an annual capacity of 60,000tpa, in addition to a waste water treatment plant. The state of the art aluminium fluoride plant is the only plant of its kind in the region and is considered the largest single unit facility in the world. With its proximity to some of the world’s largest aluminium producers, Gulf Fluor is located in the Industrial City of Abu Dhabi (ICAD), just 30km from the heart of Abu Dhabi. ICAD homes many light to medium manufacturing, engineering, and processing industries, including lime cement and concrete manufacture, and covers 11km² with marine access and provides Gulf Fluor with a variety of convenient local services.

Phase 1 L-Max[®] Plant Feasibility Study

During the quarter Lepidico extended the scope of the Phase 1 Plant Feasibility Study to include a LOH-Max[™] circuit for the production of lithium hydroxide, as well as the evaluation of a plant development in ICAD. The Study will, however, continue to contemplate the base case scenario of Sudbury, Canada for a Phase 1 Plant until the ICAD study is complete, scheduled for late 2019.

Material capital and operating cost benefits have been identified associated with developing the Phase 1 Plant at ICAD and a separate study has revealed that local markets exist for L-Max[®] and S-Max[®] by-products. Logistics costs for shipping concentrate from both Namibia and Portugal to ICAD are estimated to be lower than to Sudbury. Gas, labour and the cost of certain consumables have also been identified as being lower at ICAD. Engineering for the LOH-Max[™] circuit is expected to be completed by Lycopodium in December 2019, which will also take into account the change in location. Finally, ICAD promotes a “plug and play” philosophy for new developments, allowing for rapid permitting and approvals. This is in part afforded by having world class established infrastructure, including power, gas, water and developed roads, storage and logistic hubs that have quick and easy access to multiple ports and airports.

Results for the integrated Phase 1 Plant Feasibility Study are now scheduled for completion in the March 2020 quarter. This will incorporate a new mine plan for Alvarrões based on the recent Mineral Resource upgrade, a mine design for the Karibib Lithium Project following a planned intensive drill programme intended to upgrade the Mineral Resource, and a re-engineered Phase 1 lithium hydroxide chemical plant designs for ICAD. This strategy will provide optionality for the selection of a low permitting risk development scenario, coupled with considerable expansion potential. Commercial production of lithium hydroxide is envisaged in 2021.

Lycopodium has commenced work to complete the further engineering required for the Phase 1 Plant, rated at a nominal concentrate throughput of 6.9 tph to produce approximately 5,500 tpa of lithium hydroxide, plus by-products of SOP fertiliser and amorphous silica. Importantly the plant design will not contemplate production of sodium sulphate. This engineering will also take into account the alternative location of Abu Dhabi. This work is scheduled to be completed in the December 2019 quarter.

Environmental consultant GHD Global Pty Ltd (“GHD”) has been appointed to manage the environmental approval process in Abu Dhabi for the development of the Phase 1 Plant and secure all relevant permits to construct. This process is expected to complete in 4 to 6 months. GHD will also advance the work undertaken by the University of Waterloo in Ontario on evaluating the L-Max[®] residues as a potential product for landfill reclamation. GHD is tasked with identifying technically sound solutions for the processing and use of the residue-products within UAE, as well as fall back solutions for disposal. Ultimately, the objective of this work is for the Phase 1 Plant to become a zero-waste facility.

Alvarrões Lepidolite Mine (Gonçalo), Portugal¹ *Feasibility Study*

Preliminary engineering for a modular and semi-transportable concentrator for Alvarrões started in June, with results due in September 2019. The scope for the concentrator design includes an ore feed rate of 200,000tpa to produce approximately 60,000tpa of lepidolite-amblygonite concentrates.

A mine benchmarking assessment has indicated that the newly identified Sill P could be amenable to underground room and pillar mining. A trade-off study is being undertaken to determine the optimal mining methods for the lepidolite mineralised sills at Alvarrões, which is planned to be completed in September. A four hole geotechnical drill programme is scheduled for August to inform this work. Ore Reserve input assumptions, including unit operating costs, recoveries, production rates and other physical data will be updated on completion of the trade-off study. An inaugural Alvarrões Ore Reserve estimate is now scheduled for completion in the December 2019 quarter.

Environmental Impact Study (EIS) work continued during the quarter.

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.

Phase 2 L-Max[®] Plant Scoping Study

Further desktop work is planned to be undertaken in the second half of 2019 with the objective of developing scoping study level capital and operating cost figures for a hybrid LOH-Max[™]-L-Max[®] plant, with configurations ranging from 10,000tpa to 20,000tpa lithium hydroxide.

RESEARCH & DEVELOPMENT

Pilot Plant Development, Perth, Western Australia

On 30 April the design and construct phase for the L-Max[®] Pilot Plant completed on schedule and within the budget (before contingency) of \$2.6 million.

Wet commissioning, which involved programming and calibration of all drives, pumps and instruments was completed on 25 June 2019, when the first concentrate reported to the leach circuit. On 27 June operations were temporarily suspended due to degradation of the leach filter cloths. Subsequent engagement with the filter Original Equipment Manufacturer (OEM) revealed that nylon rather than the specified polypropylene filter cloth had been supplied. Replacement filter cloths were sourced resulting in approximately one week of down time.

The L-Max[®] impurity removal circuit was successfully commissioned on leach liquor, allowing continuous plant operations to commence on 9 July, marking the commencement of Pilot Plant Campaign 1. The leach circuit operated continuously for approximately 200 hours, outperforming filtration rate design criteria in this application by approximately 20%. During this period leach slurry was processed through a pressure filter to produce lithium containing leach liquor and approximately 2.2 tonnes of high silica residue. The polypropylene filter cloths performed well, with the filtration of the leach slurry also successful in producing lower moisture levels in the residue than in batch test work. These outcomes have positive implications for capital cost savings in the final Phase 1 Plant design. Furthermore, opportunities for plant optimisation have already been identified, including where various materials of construction were assessed during the trial, and in the areas of operability, process control and maintainability where improved performance can be achieved.

The leach liquor was continuously processed through the L-Max[®] impurity removal circuit from 8 July to 18 July, for approximately 250 hours of continuous operation. This process produced over 5,000 L of lithium sulphate containing intermediate liquor and more than 2.5 tonnes of residue. The filtration of the residue was consistent with batch test work and confirms the Phase 1 design for this process stream. More than 200 samples were collected during the operation to assess lithium losses to the residues and a further 300 samples from other process streams. Completed assay results and analysis are expected in mid-August.

The bulk of the lithium sulphate liquor was stockpiled as feed for the planned LOH-Max[™] lithium hydroxide circuit, which is expected to be retro-fitted to the Pilot Plant later in the year. The remaining lithium sulphate is scheduled to be treated to produce lithium carbonate via the conventional circuit currently installed at the Pilot Plant, during week beginning 29 July. This process step was deferred to ensure that no sodium sulphate recirculates into lithium sulphate intermediate, which could contaminate subsequent lithium hydroxide product.

The potassium sulphate (SOP fertiliser) recovery circuit operated continuously from 12 July for more than 100 hours. Filtration of this residue stream also outperformed design (based on batch test work) with significantly lower moisture contents in residue, with positive implications for capital cost savings in this area of the Phase 1 Plant. Over 2,000 litres of brine containing potassium, rubidium and caesium sulphates were produced. This solution is currently being concentrated in the Pilot Plant crystalliser to produce SOP, along with a rubidium and caesium brine. Production of these streams has been prioritised to allow samples to be expedited for testing by third parties. Initial assays are immanent for potassium oxide in the SOP product. More detailed results and assays from this work stream are also expected mid-August.

Work has commenced to adapt the final process stages of the Pilot Plant to include a LOH-Max[™] circuit, initially at mini-plant scale using laboratory equipment. Strategic Metallurgy has developed

the process design criteria for this circuit which is being used by Lycopodium to finalise the design for the Phase 1 Plant, and a smaller scale circuit appropriate for the Pilot Plant, providing lithium hydroxide capability.

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. Acquisition of the Karibib Lithium Project led to a review of all exploration interests. This has resulted in Lepidico not exercising its option to proceed with the farm-in over the Youanmi tenement owned by Venus Metals Corporation Limited. Lepidico continues to undertake due diligence on other lithium mineral opportunities.

Karibib Lithium Project (80%)

The Company has commenced a program of drilling at the Karibib Lithium Project to further increase data density and confidence to a level to enable classification of JORC Code 2012 compliant Resources in the Measured and/or Indicated categories to facilitate a subsequent Ore Reserve Estimate. A total of 4,700 m of diamond core drilling at a cost of approximately A\$1 million is planned. Work will include:

- Rubicon – 2,650 m of infill and extensional drilling to a nominal 50 m x 25 m spacing, including the infill of critical gaps in the drill database; and
- Helikon 1 – 2,050 m of infill and extensional drilling on a nominal 25 m x 25 m spacing.

By late-July four rigs were on site, three operating at Rubicon and one at Helikon 1. Assay are scheduled to be received from late August. The programme is scheduled to complete in September to allow an updated Mineral Resource estimate during the December 2019 quarter.

CORPORATE

As at 30 June 2019, Lepidico had cash and cash equivalents of \$13.7 million.

Desert Lion Energy Business Combination

On 7 May 2019 the Company and Desert Lion Energy Inc. ("Desert Lion") announced they had entered into a definitive arrangement agreement whereby Lepidico would acquire all of the outstanding common shares of Desert Lion for 5.4 Lepidico ordinary shares for every 1 Desert Lion share (The "Transaction"). The Transaction successfully closed on 11 July 2019. Lepidico has maintained its primary listing on the ASX under the code "LPD", and the Desert Lion common shares have delisted from the TSX-V. Lepidico continues to be headquartered in Perth, Australia and there were no changes to Lepidico's Board of Directors.

In addition, each Desert Lion option was exchanged for a replacement Lepidico option reflecting the exchange ratio and any outstanding warrants of Desert Lion will be adjusted to allow for the acquisition of Lepidico ordinary shares upon their exercise (also reflecting the exchange ratio). Desert Lion securityholders held approximately 14.8% of the shares in the combined company and 17.8% on a fully diluted basis on closing.

The outstanding convertible notes of Desert Lion have also been adjusted to allow for the acquisition of LPD Shares upon their exercise (reflecting the Exchange Ratio). The Company may therefore issue up to 108,000,000 new LPD Shares upon conversion of the outstanding convertible notes at the election of the holder, on or before 7 December 2020 with a balance of C\$1,000,000 to be repaid in cash on maturity.

Entitlement Offer

During the quarter the Company successfully completed a Renounceable Entitlements Offer (the "Offer") which was well supported by the Company's shareholders and new investors and closed oversubscribed.

The Company raised \$10.8 million (before costs) and issued 372,908,354 new shares and 186,454,177 new options. The new options are listed under the ASX code LPDOB.

Due to overwhelming demand, the Company placed a further 8,620,690 fully paid ordinary shares at \$0.029 with 4,310,345 attaching LPDOB options to raise an additional \$250,000 ("Placement").

The net proceeds from the Offer are planned to be used for: the integration of the Desert Lion business; LOH-Max™ development and engineering work, along with the location trade-off study for the Phase 1 Plant; and product development and qualification work which has commenced as material becomes available from the Pilot Plant.

Expenditures for the integration of the Desert Lion business will be incurred post-merger, during the September 2019 quarter, which include legal & advisor fees, termination fees and settlement of outstanding creditors.

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 through much of 2019.

On 10 April 2019, the Company filed International Patent Applications, PCT/AU2019/050317 and PCT/AU2019/050318 in relation to the S-Max® Process.

In addition, the Provisional Patent Application (2019900356) has been filed in relation to the LOH-Max™ Process.

Further Information

For further information, please contact

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Exploration and Resources

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.

The information in this report that relates to the Alvarrões Mineral Resource estimate is based on information compiled by John Graindorge who is a Chartered Professional (Geology) and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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

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

Board

Gary Johnson	Non-Executive Chairman
Joe Walsh	Managing Director
Tom Dukovcic	Geology Director
Mark Rodda	Non-Executive Director
Cynthia Thomas	Non-Executive Director
Brian Talbot	Non-Executive Director
Shontel Norgate	CFO & Joint Company Secretary
Alex Neuling	Joint Company Secretary

Registered & Principal Offices

23 Belmont Avenue, Belmont, WA 6104, Australia
Suite 200, 55 University Avenue, Toronto, Ontario, M5J 2H7, Canada

Stock Exchange Listings

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

Forward Shareholder Enquiries to

Security Transfers Australia Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone +61 (0) 8 9315 2333
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

Issued Share Capital

As at 30 June 2019, issued capital was 3,737,703,973.
As at 30 July 2019, issued capital was 4,384,881,802.

Quarterly Share Price Activity

	High	Low	Close
April – June 2019	4.2c	2.4c	2.6c

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

NAMIBIAN OPERATIONS, Karibib Lithium Project

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

Project/ Tenement ID	Registered Holder	Lepidico Interest in tenement	Expiry Date	Area
ML 204	Desert Lion Energy (Pty) Ltd	80%	18/06/2028	69 km ²
EPL 5439	Desert Lion Energy (Pty) Ltd	80%	10/02/2019	301 km ²
EPL 5555	Desert Lion Energy (Pty) Ltd	80%	03/04/2021	553 km ²
EPL 5718	Desert Lion Energy (Pty) Ltd	80%	26/10/2019	200 km ²

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Lepidico Ltd

ABN

99 008 894 442

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(127)	(1,131)
(b) development	(957)	(5,619)
(c) production	-	-
(d) staff costs	(275)	(1,359)
(e) administration and corporate costs	(414)	(2,188)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	59
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	485
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,759)	(9,753)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1)	(2)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	11,064	19,254
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	363
3.4 Transaction costs related to issues of shares, convertible notes or options	(584)	(1,155)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
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	10,480	18,462

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,926	4,860
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,759)	(9,753)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,480	18,462
4.5	Effect of movement in exchange rates on cash held	14	93
4.6	Cash and cash equivalents at end of period	13,660	13,660

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	13,660	4,926
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,660	4,926

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	982
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
		\$A'000
	Salaries	143
	Directors Fees	85
	Payments to Director Related Entities (Development)	754

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	664
9.2 Development	1,515
9.3 Production	-
9.4 Staff costs (includes exploration and evaluation)	650
9.5 Administration and corporate costs	564
9.6 Other (One-off costs associated with Desert Lion acquisition)	
• LPD/DLE Advisors Fees (Legal, Financial, Tax)	1,400
• Termination/Change of Control provisions for DLE Management	580
• DLE Creditor payments	1,960
9.7 Total estimated cash outflows	7,333

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Youanmi Lepidolite Prospect, WA: E57/983	Earning 80% lithium rights from Venus Metals Corporation Ltd.	Nil	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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.

Sign here: 
 (Director/Company secretary)

Date: 30 July 2019

Print name: Shontel Norgate

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.