

ASX / MEDIA ANNOUNCEMENT



24 February 2020

Financial Report for the half-year ended 31 December 2019

Lepidico Ltd (ASX:LPD) (“Lepidico” or “Company”) is pleased to announce the release of its reviewed consolidated financial statements for the half-year ended 31 December 2019.

Highlights for the period

- Plan of Arrangement between Lepidico and Desert Lion Energy concluded and business integration completed
- Successful Pilot Plant campaign completed processing approximately 3 tonnes of leach feed material continuously at, or close to, design capacity producing over 5,000 litres of lithium sulphate with assay results confirming L-Max[®] viability with average lithium extraction of 94% to lithium sulphate
- Lithium carbonate grading 99.95% produced from L-Max[®] Pilot Plant trial
- High specification caesium-rubidium chemicals produced for the first time under a standalone provisional patent application, and associated process design developed
- Lithium hydroxide monohydrate grading >99.5% LiOH.H₂O produced from LOH-Max[™] Pilot Plant batch trial
- US Patent Protection Received for L-Max[®]
- Letter of Intent with BASF for the purchase of lithium hydroxide formally novated to Lepidico and extended to 31 December 2020
- Updated Mineral Resource Estimates for Helikon and Rubicon deposits totalling 11.24 million tonnes grading 0.43% Li₂O (0.15% Li₂O cut-off) of which 78% of the tonnes are in Measured and Indicated categories versus 34% previously (0.20% Li₂O cut-off).
- Inaugural Ore Reserves to be estimated for Karibib in May 2020, paving the way for the key results of the integrated Phase 1 Plant Feasibility Study to be generated

Further Information

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The information in this report that relates to the Helikon 1 and Rubicon MRE is based on information compiled by Vanessa O'Toole who is 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 she 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". Vanessa O'Toole is an 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 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.

About Lepidico Ltd

Lepidico Ltd is an ASX-listed Company focused on exploration, development and production of lithium chemicals. 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 low-cost lithium carbonate supply from alternative sources. More recently Lepidico has added LOH-Max[™] to its technology base, which produces lithium hydroxide from lithium sulphate without by-product sodium sulphate. The Company is currently conducting a Feasibility Study for a 5,000 tonne per annum (LCE) capacity Phase 1 lithium chemical plant, targeting commercial production for 2021. Work is currently being undertaken to incorporate LOH-Max[™] into the Phase 1 Plant Project engineering. Feed to the Phase 1 Plant is planned to be sourced from the Karibib Lithium Project in Namibia, 80% owned by Lepidico where a Measured and Indicated Mineral Resource of 11.24Mt grading 0.43% Li₂O, (including Measured Resources of 2.20Mt @ 0.57% Li₂O and Indicated Resources of 6.66Mt @ 0.38% Li₂O at a 0.15% Li₂O cut-off) is estimated (ASX announcement of 30 January 2020) and/or the Alvarrões Lepidolite Mine in Portugal under an ore access agreement with owner-operator Grupo Mota (ASX announcement of 7 December 2017).

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.



LEPIDICO LTD

ACN 008 894 442

**INTERIM FINANCIAL REPORT
31 DECEMBER 2019**

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 2019 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)
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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Home Exchange

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ASX Code: LPD, LPDOA, LPDOB

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 2019 ("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 (ceased to be a Director 21 November 2019)
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 chemicals. 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 carbonate supply from alternative sources. More recently Lepidico has added LOH-Max[™] to its technology base, which produces lithium hydroxide from lithium sulphate without by-product sodium sulphate.

The Company is currently conducting a Feasibility Study for a 5,000 tonne per annum (LCE) capacity Phase 1 lithium chemical plant, planned to be constructed in Abu Dhabi and targeting commissioning in early 2022. Work is currently being undertaken to incorporate LOH-Max[™] into the Phase 1 Plant Project design and engineering. Feed to the Phase 1 Plant is planned to be primarily sourced from the Karibib Project in Namibia, 80% owned by Lepidico where a predominantly Measured and Indicated Mineral Resource of 11.24Mt grading 0.43% Li₂O, (including Measured Resources of 2.20Mt @ 0.57% Li₂O and Indicated Resources of 6.66Mt @ 0.38% Li₂O at a 0.15% Li₂O cut-off) is estimated (ASX announcement of 30 January 2020).

The Consolidated Group incurred an operating loss after income tax of \$4,454,966 (31 December 2018: \$2,176,276) for the half year ended 31 December 2019.

DEVELOPMENT

Karibib Project (80%), Namibia, Feasibility Study

Immediately following the business combination with Desert Lion Energy Inc an infill drill program at Karibib was undertaken which was largely completed in November with 51 holes drilled at Rubicon and 35 holes at Helikon 1. An updated JORC Code (2012)-compliant Mineral Resource estimate ("MRE") for the Karibib Project ("KP") was completed by Snowden Mining Industry Consultants Pty Ltd ("Snowden") in January 2020, upgrading the predominantly Inferred Mineral Resources into the largely Measured and Indicated categories. Total Mineral Resources at Karibib total 11.24 million tonnes grading 0.43% Li₂O (0.15% Li₂O cut-off) of which 78% of the tonnes are in Measured and Indicated categories versus 34% previously (0.20% Li₂O cut-off).

The inaugural KP Ore Reserve estimate based on Mineral Resources at Rubicon and Helikon 1 is scheduled to be completed in May 2020.

The phase 1 flotation testwork program was completed which included comminution, desliming, rougher/cleaner flotation, and dewatering tests. Analysis of the phase 1 testwork was completed and process design criteria developed. This design was issued to Lycopodium for the engineering study, which is scheduled to be completed in May.

Site geotechnical evaluation continued with two further drill holes planned for late January. A conceptual design for the mine and concentrator waste management area was completed. The final design is scheduled for completion in May 2020.

A grid power solution for the planned mine and concentrator has been confirmed, with supplied from an existing switching station. Options for increasing the quantum of renewable power supplied to the project are also being evaluated, with opportunities for a partly renewable power supply within the first five years of operation.

The Karibib Project Environmental Management Plan (EMP) for the Phase 1 Project integrated Feasibility Study advanced and will be prepared in accordance with International Finance Corporation (IFC) standards. The updated EMP will provide the basis for renewal of the Environmental Compliance Certificate (ECC) due September 2020. It is required that the ECC is renewed every three years. The Mining Licence is in place for 10 years from 2018. All environmental workstreams are scheduled to conclude Q3 2020 and are not on the project critical path.

Phase 1 Chemical Plant Feasibility Study

A nominal battery grade purity lithium hydroxide monohydrate was produced from a batch pilot trial using the proprietary LOH-Max™ process (see Research & Development Section below).

A Phase 1 Plant design and risk review was undertaken in November and the plant layout updated. A revised process design model, criteria and flowsheets was completed by Strategic Metallurgy. These updates incorporate amendments to the leach circuit and a design for the new caesium and rubidium circuits, along with crystalliser and dewatering equipment revisions following Pilot Plant Campaign 1. The revised process design criteria are expected to lead to enhanced recoveries and lower operating costs. Lycopodium is scheduled to complete the Phase 1 Plant engineering work in May 2020.

A suitably sized industrial lot at ICAD 2 adjacent to the Gulf Fluor LLC sulphuric acid plant in Abu Dhabi was identified and a land application for the Phase 1 Plant submitted to the ICAD 2 administrator.

Consultant GHD Global Pty Ltd (“GHD”) was engaged to undertake the permitting and environmental approvals workstreams for the ICAD 2 site. In addition, GHD completed a residue uses study which identified an opportunity for placement of the L-Max® residue into the cement industry to replace imported natural gypsum. This alternative is now being pursued in favour of using the material as a landfill remediation product. The objective of this work continues to be for the Phase 1 Plant to ultimately become a zero-waste facility.

Completion of the Karibib Ore Reserve estimate is planned for the 2020 and will allow key results for the integrated Phase 1 Plant Feasibility Study to be finalised. This will integrate the mine schedule and concentrator design for the Karibib Project outlined above with the re-engineered Phase 1 lithium hydroxide chemical plant designs for construction at ICAD 2.

Alvarrões Lepidolite Mine (Gonçalo), Portugal¹, Feasibility Study

A geotechnical drilling program was completed in August, which allowed both open pit and underground mine development plans to be completed.

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.

Mine design work for a hybrid open pit and underground mine was completed in November and a preliminary Ore Reserve estimated. This is scheduled to be finalised May 2020 when economic inputs for the downstream Phase 1 chemical plant are available.

Further Environmental Impact Study (EIS) work is pending the Ore Reserve estimate and formalisation of a definitive arrangement for the development of Alvarrões with Mota Ceramic Solutions.

Phase 2 L-Max[®] Plant Scoping Study

Plant design work is planned to recommence once the Phase 1 Plant engineering is complete, with the objective of developing scoping study level capital and operating cost figures for a hybrid LOH-MaxTM/L-Max[®] plant, with configurations ranging from 10,000tpa to 20,000tpa lithium hydroxide. Various locations continue to be evaluated for a Phase 2 Plant, including Walvis Bay in Namibia, which will benefit from lower logistics costs so long as a reasonable cost energy source exists as well as local markets exist for the SOP, gypsum and amorphous silica by-products.

RESEARCH & DEVELOPMENT

Pilot Plant Product Development, Perth, Western Australia

Continuous operation of the L-Max[®] Pilot Plant commenced on the 8 July 2019. The leach and impurity removal circuits operated continuously for approximately 200 hours and 250 hours respectively. During this period approximately 3.0 tonnes of concentrate was processed to produce 2.2 tonnes of high silica residue, over 5,000 litres of lithium sulphate intermediate liquor and 2.5 tonnes of gypsum rich residue. The bulk of the lithium sulphate liquor was stockpiled as feed for the planned LOH-MaxTM lithium hydroxide circuit. The remaining lithium sulphate was treated to produce lithium carbonate via the conventional circuit currently installed at the Pilot Plant. The potassium sulphate (SOP fertiliser) recovery circuit operated continuously for more than 100 hours. Over 2,000 litres of brine containing potassium, rubidium and caesium sulphates were produced. This solution was concentrated in the Pilot Plant crystalliser to produce SOP, along with a rubidium and caesium brine.

Average lithium extraction from concentrate feed to lithium sulphate was 94% for Campaign 1. Insoluble lithium losses associated with impurity removal stages averaged just 3% for the entire campaign and were consistently below 2% for extended periods.

Most importantly Pilot Plant Campaign 1 confirmed L-Max[®] viability as a chemical process, as well as the general design parameters for the Phase 1 Plant.

Product development work was undertaken during the period on samples generated from Pilot Plant Campaign 1.

Lithium carbonate: with a purity of 99.95% was produced from the Pilot Plant. This compares with a nominal battery grade reference purity of 99.5% for many existing producers. Importantly, impurity levels of most deleterious elements for battery grade specifications were below detection limits.

Lithium hydroxide Monohydrate (LiOH.H₂O): with a purity of >99.0% (56.5% LiOH) was produced from the batch plot trial in early January 2020. This is consistent with a nominal battery grade reference purity for many existing producers. Importantly, impurity levels of most deleterious elements for battery grade specifications were below detection limits. These results confirm the viability of LOH-MaxTM at pilot plant scale as a new process for the production of high purity lithium hydroxide from a lithium sulphate intermediate, importantly without the production of potentially problematic sodium sulphate as a by-product.

Work has now started on refining a larger sample of high purity lithium hydroxide monohydrate, which is planned to be used to start the product qualification process with prospective customers.

On 20 December 2019, Lepidico confirmed that the Letter of Intent with BASF SE (“BASF”), whereby BASF would be able to purchase lithium hydroxide sourced from the Karibib Lithium Project in Namibia was formally novated to Lepidico for its integrated Phase 1 Lithium Chemical Project and extended to 31 December 2020.

The novation and extension agreement follows a visit by BASF to Lepidico’s Pilot Plant in Perth and provides BASF and Lepidico sufficient time to work towards completion of a definitive qualification and offtake agreement.

Sulphate of potash (SOP): of more than 96% purity was produced, equivalent to 52.2% K₂O, a high purity product. Importantly this result also confirms the design parameters for the SOP recovery circuit in the Phase 1 Plant. A specification sheet for product marketing was produced and prospective customers for this product are being identified. Marketing started in February 2020.

Amorphous silica: further testwork was undertaken on the leach residue from Pilot Plant Campaign 1 to identify potential application of this product stream as a supplementary cementitious material. This work involved grinding the leach residue to target particle sizes of P₈₀ 25µm, P₈₀ 10µm and P₈₀ 5µm. Sub-samples of the milled products have been dispatched compressive strength testing and specific surface area determination. Results are due in February and product marketing has commenced.

Caesium & Rubidium (Cs & Rb): naturally occur in lepidolite, which, when processed using Lepidico’s L-Max[®] technology, report through to one of two non-lithium streams; a brine liquor or an alum-residue. The latest Mineral Resource estimate for the Karibib Lithium Project includes caesium and rubidium grades for the first time. It is envisaged that the inaugural Ore Reserve estimate scheduled for May 2020 will be the first (JORC Code (2012)) compliant estimate of its kind to include rubidium and caesium co-products.

The process technology for producing rubidium and caesium compounds is owned by Lepidico and subject to a stand-alone international patent application filed in February 2017. Approximately 100 litres of rubidium-caesium brine was collected during Pilot Plant Campaign 1. This brine was concentrated using a Lepidico proprietary process technology to produce intermediate crystallisation products and a brine containing rubidium and caesium sulphates, which was subsequently converted to two discrete formates.

Caesium Rich Formate

A high specification sample of caesium-rubidium formate brine with a specific gravity (SG) of 2.3 was produced from Pilot Plant potassium circuit liquor[#]. The specification of this caesium-rubidium formate appears to meet key criteria for oil and gas industry application. Chlorine and sulphate assays for product manufacturer are pending.

Rubidium Rich Formate

A high specification sample of rubidium rich formate brine with a specific gravity (SG) of 2.1 was produced from the Pilot Plant potassium circuit liquor[#]. A rubidium-rich sulphate was also produced, containing 95% rubidium sulphate, 4% caesium sulphate and 0.7% potassium sulphate.

Background*

Caesium and rubidium compounds have a variety of applications albeit in relatively small quantities. Consumption, import, export and price data for caesium and rubidium are not available as they are not traded in commercial quantities.

Caesium formate is a slightly alkaline salt of caesium hydroxide and formic acid (HCOO-Cs+), which is extremely soluble in water and has a density of 2.4 g/cm³ (82% weight). It has applications in the oil and gas industry as a completion fluid[^]. Caesium formate is a high value compound that can be mixed with less expensive potassium formate to make clear brine mixtures with a density range from 1.8 to 2.4 g/cm³. Caesium compounds have a variety of applications albeit in relatively small quantities. Consumption, import, export and price data for caesium and rubidium compounds are not available as they are not traded in commercial quantities.

In May 2018, the U.S. Department of the Interior published a list of 35 critical minerals (83 FR 23295) which included caesium, rubidium and lithium minerals. The list was developed to serve as an initial focus for "A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals". Lepidolite[#] is the only known mineral that contains all three of these metals in potentially economic concentrations.

⁺Source: U.S. Geological Survey

[#]The Pilot Plant Campaign 1 feed was sourced from Alvarrões, Portugal. Note: lepidolites have similar major metal components (Li, K, Rb, Cs) albeit in varying concentrations between deposits

[^]A completion fluid is a solids-free liquid used to "complete" an oil or gas well. This fluid is placed in the well to facilitate final operations prior to initiation of production. The fluid is meant to control a well should downhole hardware fail, without damaging the producing formation or completion components. Completion fluids are typically high density brines (chlorides, bromides and formates), but in theory could be any fluid of proper density and flow characteristics. The fluid should be chemically compatible with the reservoir formation and fluids, and is typically filtered to a high degree to avoid introducing solids to the near-wellbore area. Seldom is a regular drilling fluid suitable for completion operations due to its solids content, pH and ionic composition.

EXPLORATION

Karibib Project (80%)

Evaluation of the drill results from the infill program completed during the period identified a number of opportunities for near mine resource extensions. The lepidolite mineralisation at Rubicon pinches out to the northwest and southeast. However the pegmatite has been identified further along strike to the northwest and is currently untested, making this a priority exploration target.

The Helikon 1 lithium pegmatite is truncated at a depth of approximately 60 meters by a low-angle fault, at which point the pegmatite is up to 50 meters wide. Work is planned to determine the movement associated with this fault and thereby the location of any fault offset extension to the deposit.

Subsequent to period end a new Mineral Resource Estimate ("MRE") compliant with the JORC Code (2012) was estimated for the Rubicon and Helikon 1 deposits with most of the mineralisation promoted into Measured and Indicated categories. The total MRE for these two deposits is 9.04Mt @ 0.43% Li₂O, comprising 2.20Mt @ 0.57% Li₂O Measured, 6.66Mt @ 0.38% Li₂O Indicated, and 0.17Mt @ 0.70% Li₂O Inferred Resources at a 0.15% Li₂O.

Measured and Indicated Resources at Rubicon and Helikon 1, on which an inaugural Ore Reserve estimate will be based total 8.87Mt @ 0.43% Li₂O, 0.22% Rb, 302 ppm Cs, 44 ppm Ta and 2.08% K and comprise 98% of the total MRE.

For the first time the estimate includes grades for the accessory metals caesium (Cs), rubidium (Rb) and potassium (K), which are being evaluated as important by-products in Lepidico's Phase 1 Project Feasibility Study.

Pit optimisations undertaken for Rubicon and Helikon 1 demonstrate these Mineral Resources to be potentially economic at a cut-off grade of 0.15% Li₂O.

The updated MRE for Rubicon and Helikon 1 is based on a reinterpretation of the lithium mineralisation into three distinct types: high-grade massive lepidolite zone (Lep Zone), disseminated lepidolite zone (Lep Zone B) and a zone dominated by clusters of dark lithium-bearing mica (Mica Zone).

A regional exploration program to evaluate the lithium pegmatite and gold potential within the plus 1,000km² exclusive prospecting licence areas started in January 2020.

CORPORATE

As at 31 December 2019, Lepidico had cash and cash equivalents of \$3.7 million.

Desert Lion Energy Business Combination

The previously announced acquisition of all of the outstanding common shares of Desert Lion Energy Inc (“Desert Lion”) successfully closed on 11 July 2019 with 5.4 Lepidico ordinary shares issued for every 1 Desert Lion share (the “Transaction”).

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).

The outstanding convertible notes of Desert Lion were also 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.

On 31 July 2019, the Company issued 13,786,605 new fully paid ordinary shares to Bacchus Capital Advisors in accordance with the terms of its engagement as Corporate Advisor in relation to the Desert Lion Energy Inc business combination at an issue price of \$0.026 per share (Lepidico’s closing share price on 11 July 2019, the day the transaction closed).

Controlled Placement Facility of \$7.5 million Secured

On 23 December 2019, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to \$7.5 million of standby equity capital over the coming 26 month period which may be used by the Company to fund future product research and development work, new process technology development and working capital.

Under the CPA Lepidico retains full control of all aspects of the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on Lepidico to utilise the CPA and Lepidico may terminate the CPA at any time, without cost or penalty.

If Lepidico utilises the CPA, it is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by Lepidico and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of Lepidico’s choosing.

As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares, at nil consideration to Acuity Capital (“Collateral Shares”) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

Patents

Lepidico 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.

On 25 September 2019 the Company filed International Patent Application, PCT/AU2019/051024 in relation to the production of caesium, rubidium and potassium brines and other formates.

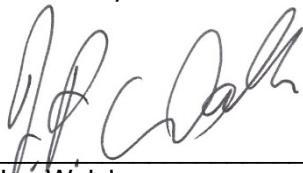
On 22 October 2019, the US patent was issued for the Company's L-Max[®] process technology. National and regional phase patent applications are well advanced in other key jurisdictions and these processes are expected to continue into calendar year 2020.

Earlier in 2019, the Provisional Patent Application (2019900356) was filed in relation to the LOH-Max[™] Process.

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 2019 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 21 day of February 2020

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 the Helikon 1 and Rubicon MRE is based on information compiled by Vanessa O'Toole who is 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 she 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". Vanessa O'Toole is an 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.

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Forward-looking Statements

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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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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LEPIDICO LIMITED

As lead auditor for the review of Lepidico Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have 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
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 21st day of February 2020

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Revenue		-	-
Other income		15,314	40,565
		<u>15,314</u>	<u>40,565</u>
Business development expenses		(256,113)	(346,723)
Administrative expenses	3	(2,416,580)	(734,958)
Employment benefits		(860,981)	(564,554)
Depreciation		(81,516)	(4,658)
Share based payments		(511,000)	(520,000)
Accretion expense		(410,163)	-
Realised Foreign Exchange Gain/(Loss)		66,073	(45,948)
		<u>(4,454,966)</u>	<u>(2,176,276)</u>
Loss before income tax		(4,454,966)	(2,176,276)
Income tax expense		-	-
Loss from continuing operations		(4,454,966)	(2,176,276)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		563,196	39,407
		<u>(3,891,770)</u>	<u>(2,136,869)</u>
Total comprehensive loss for the half year			
Comprehensive loss for the half year attributable to:			
Owners of the parent		(3,673,757)	(2,136,869)
Non-Controlling Interest		(218,013)	-
		<u>(3,891,770)</u>	<u>(2,136,869)</u>
Loss per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted loss per share		(0.001)	(0.001)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position For the half year ended 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,663,718	13,660,308
Trade and other receivables		2,609,158	1,148,086
TOTAL CURRENT ASSETS		<u>6,272,876</u>	<u>14,808,394</u>
NON-CURRENT ASSETS			
Trade and other receivables		73,295	71,729
Property, plant and equipment		4,514,416	19,685
Exploration and evaluation expenditure	4	39,447,817	1,928,203
Intangible asset	5	24,224,817	22,925,130
TOTAL NON-CURRENT ASSETS		<u>68,260,345</u>	<u>24,944,747</u>
TOTAL ASSETS		<u>74,533,221</u>	<u>39,753,141</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		854,190	1,077,812
Short-term provisions		94,294	85,677
Liability component of convertible note		5,418,361	-
TOTAL CURRENT LIABILITIES		<u>6,366,845</u>	<u>1,163,489</u>
NON-CURRENT LIABILITIES			
Deferred Revenue		6,499,978	-
TOTAL NON-CURRENT LIABILITIES		<u>6,499,978</u>	<u>-</u>
TOTAL LIABILITIES		<u>12,866,823</u>	<u>1,163,489</u>
NET ASSETS		<u>61,666,398</u>	<u>38,589,652</u>
EQUITY			
Issued capital		76,633,880	59,430,846
Reserves		5,969,346	3,858,668
Equity component of convertible note		990,000	-
Accumulated losses		(28,936,815)	(24,699,862)
Equity Attributable to owners of the Parent		54,656,411	38,589,652
Non-controlling interests		7,009,987	-
TOTAL SHAREHOLDERS EQUITY		<u>61,666,398</u>	<u>38,589,652</u>

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2019

	Attributable to the owners of the Company						Non Controlling Interest	Total Equity	
	Issued Capital	Reserves			Equity component of convertible note	Accumulated Losses			Total
	\$	Options	Warrants	Foreign Currency	\$	\$	\$	\$	
Balance at 1 July 2018	40,733,812	3,377,750	-	(17,141)	-	(19,594,848)	24,499,573	-	24,499,573
Loss for the period	-	-	-	-	-	(2,176,276)	(2,176,276)	-	(2,176,276)
Other comprehensive loss for the period	-	-	-	39,407	-	-	39,407	-	39,407
Options issued during the period	-	565,000	-	-	-	-	565,000	-	565,000
Options exercised during the period	363,000	-	-	-	-	-	363,000	-	363,000
Fair value of options exercised	160,000	(160,000)	-	-	-	-	-	-	-
Shares issued during the period	7,694,087	-	-	-	-	-	7,694,087	-	7,694,087
Balance at 31 December 2018	48,950,899	3,782,750	-	22,266	-	(21,771,124)	30,984,791	-	30,984,791
Balance at 1 July 2019	59,430,846	3,782,750	-	75,918	-	(24,699,862)	38,589,652	-	38,589,652
Non-controlling interests on acquisition	-	-	-	-	-	-	-	7,228,000	7,228,000
Loss for the period	-	-	-	-	-	(4,236,953)	(4,236,953)	(218,013)	(4,454,966)
Other comprehensive loss for the period	-	-	-	563,196	-	-	563,196	-	563,196
Options issued during the period	-	1,227,347	-	-	-	-	1,227,347	-	1,227,347
Options exercised during the period	75,000	-	-	-	-	-	75,000	-	75,000
Fair value of options exercised during the period	95,000	(95,000)	-	-	-	-	-	-	-
Warrants issued during the period	-	-	415,135	-	-	-	415,135	-	415,135
Shares issued during the period	17,033,034	-	-	-	-	-	17,033,034	-	17,033,034
Equity component on convertible note	-	-	-	-	990,000	-	990,000	-	990,000
Balance at 31 December 2019	76,633,880	4,915,097	415,135	639,114	990,000	(28,963,815)	54,656,411	7,009,987	61,666,398

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the half year ended 31 December 2019

	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(3,309,679)	(2,063,422)
Interest received	15,314	30,643
Net cash used in operating activities	<u>(3,294,365)</u>	<u>(2,032,779)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation activities	(5,315,266)	(581,602)
Payments for research and development activities	(1,276,217)	(2,758,625)
Proceeds from research and development tax credit	-	484,796
Payments for property, plant and equipment	(1,729)	-
Cash acquired from acquisition of Desert Lion Energy Inc	416,113	-
Acquisition costs of Desert Lion Energy Inc	(1,185,134)	-
Net cash used in investing activities	<u>(7,362,233)</u>	<u>(2,855,431)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of costs)	-	7,619,087
Proceeds from exercise of options	75,000	363,000
Net cash provided by financing activities	<u>75,000</u>	<u>7,982,087</u>
Net increase in cash held	(10,581,598)	3,093,877
Cash at beginning of financial year	13,660,308	4,859,962
Effect of foreign exchange rate changes	585,008	39,407
Cash at end of financial period	<u>3,663,718</u>	<u>7,993,246</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the Half-Year ended 31 December 2019

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 2019 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 2019 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 21 February 2020.

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 2019, 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 16: Leases.

AASB 16: Leases

AASB 16: Leases 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. As at 1 July 2019, the Group did not have any leases in excess of 12 months of tenure and therefore the Group did not recognise a Right of Use Asset and Lease Liability as at 1 July 2019.

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

None noted.

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 from operations of \$4,454,966 for the half year to 31 December 2019 and had a net cash outflow from operations of \$3,294,365 for the period. As at 31 December 2019, the Company had a net deficit of current assets to current liabilities of \$93,969. Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate as they believe that the Group will be able to raise additional capital as required based on the successful outcome of previous Entitlement Offers and ongoing interest in the Company and the long term outlook for the lithium industry generally.

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 23 December 2019 the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to \$7.5 million of standby equity capital over the coming 26 month period which may be used by the Company to fund future product research and development work, new process technology development and working capital.

Note 2: Business Combination

(a) Summary of acquisition

On 11 July 2019 the Company announced the completion of the plan of arrangement (the "Arrangement"), with Desert Lion Energy Inc. ("Desert Lion") whereby Lepidico acquired all of the outstanding common shares of Desert Lion for consideration of 5.4 Lepidico ordinary shares for every 1 Desert Lion common share (the "Exchange Ratio"). The Arrangement, which was announced on May 7, 2019, was approved by the Desert Lion's shareholders at an annual general and special meeting held on June 27, 2019. The acquisition provided the Company with with a direct controlling interest in its first quality lepidolite deposits under an awarded mining license, providing a clear path to development.

(b) Purchase Consideration

Details of the purchase consideration are as follows:

	<u>\$</u>
Ordinary shares issued to existing Desert Lion shareholders	14,850,084
Options issued to existing Desert Lion option holders	716,347
Warrants issued to existing Desert Lion warrant holders	415,135
Fair value of liability component of convertible note	5,404,960
Fair value of equity component of convertible note	990,000
Change of control payments to Desert Lion senior executives	<u>555,714</u>
Total Purchase Consideration	<u>22,932,240</u>

The fair value of the 571,157,062 shares issued as part of the consideration paid for Desert Lion (\$14.850m) was based on the published share price on 11 July 2019 of \$0.026 per share.

(c) Net assets acquired

The assets and liabilities recognised as a result of the acquisition are as follows:

	<u>\$</u>
Cash	416,113
Trade and other receivables	377,238
Property, plant and equipment	4,543,380
Exploration assets	35,639,011
Trade and other payables	(4,367,774)
Deferred revenue	<u>(6,447,728)</u>
Net identifiable assets acquired	30,160,240
Less: non controlling interest	<u>(7,228,000)</u>
Net assets acquired	<u>22,932,240</u>

(d) Deferred revenue

Deferred revenue of \$6,447,728 represents a prepayment of US\$4.5 million (the "Deposit") received by Desert Lion Energy from Jiangxi Jinhui Lithium Co Ltd ("Jinhui"), a private Chinese corporation under an offtake agreement dated 6 November 2017 and subsequently amended on 13 February 2018 (the "Jinhui Lithium Offtake Agreement").

The Jinhui Lithium Offtake Agreement provides for the sale of material located in the stockpile at the Karibib project in Namibia.

Following the completion of the first shipment by Desert Lion on 24 April 2018, the Deposit is no longer refundable and the remaining balance shall continue to amortize against any future shipments of the stockpile material.

The term of the Jinhui Lithium Offtake Agreement began on November 16, 2017 and ends on the earlier of:-

- (i) 60 months following such date; and
- (ii) the date that is 15 business days after all concentrate produced from the stockpiled material has been loaded on to the vessel nominated by Jinhui; and has been paid for by Jinhui.

The offtake prepayment liability of \$6,447,728 (US\$4,558,272) is classified as unearned revenue as the Deposit is no longer refundable.

(e) Non-controlling Interest

As part of the transaction the Group acquired an 80% interest in Desert Lion Energy (Pty) Ltd which holds mining and exploration rights for the Karibib Project in Namibia. The Group recognises non controlling interests in an acquired entity either at fair value or at the non controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Desert Lion Energy Inc, the group elected to recognise the non-controlling interests at fair value. See Note 1(c) of the Group's consolidated financial statements for the year ended 30 June 2019 for its Accounting Policy regarding Business Combinations.

(f) Acquisition related expenses

Acquisition related expenses of \$1,134,545 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in investing cash flows in the statement of cash flows.

Note 3: Administrative Expenses

	31 December 2019	31 December 2018
	\$	\$
Office & general	274,032	165,574
Professional services	373,650	126,737
Compliance related	324,000	226,880
Withholding tax expense	100,314	-
Travel	210,039	215,767
	<u>1,282,035</u>	<u>734,958</u>

Other Significant Administrative Expenses

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

Desert Lion Energy Inc acquisition costs	1,134,545	-
	<u>2,416,580</u>	<u>734,958</u>

Note 4: Exploration and Evaluation Expenditure

	31 December 2019	30 June 2019
	\$	\$
Exploration expenditure	<u>39,447,817</u>	<u>1,928,203</u>

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.

	6 months ended 31 December 2019	12 months ended 30 June 2019
	\$	\$
Reconciliation of movements during the period:		
Balance at the beginning of period	1,928,203	729,697
Exploration and evaluation assets acquired	35,639,011	-
Exploration and evaluation costs capitalised	1,880,603	1,838,747
Exploration and evaluation costs written off	-	(640,241)
	<u>39,447,817</u>	<u>1,928,203</u>

Note 5: Intangible asset

	31 December 2019 \$	30 June 2019 \$
L-Max [®] Technology	23,875,113	22,692,203
S-Max [™] Technology	145,962	136,543
LOH-Max [™] Technology	203,742	96,384
Balance at the end of the period	24,224,817	22,925,130

The recoverability of the carrying amounts of the L-Max[®], S-Max[™] and LOH-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.

	6 months ended 31 December 2019 \$	12 months ended 30 June 2019 \$
Reconciliation of movements during the period:		
Balance at the beginning of period	22,925,130	19,026,700
Development costs capitalised	1,360,495	4,848,430
Research and Development Tax Credit receivable	(60,808)	(950,000)
Balance at the end of the period	24,224,817	22,925,130

Note 6: Share Based Payments

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

a) Desert Lion Business Combination

On 11 July 2019 the Company announced the completion of the plan of arrangement (the "Arrangement"), with Desert Lion Energy Inc. ("Desert Lion") whereby Lepidico acquired all of the outstanding common shares of Desert Lion for consideration of 5.4 Lepidico ordinary shares for every 1 Desert Lion common share (the "Exchange Ratio").

Under the terms of the Arrangement, the Company issued:

- i) 571,157,062 new fully paid ordinary shares ("LPD Shares") to existing Desert Lion shareholders at a deemed share price of \$0.026 per share;
- ii) 39,183,982 new options at exercise prices ranging from \$0.02 - \$0.35; and
- iii) 139,797,500 warrants at exercise prices ranging from \$0.04 to \$0.044.

The outstanding convertible notes of Desert Lion were 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.

The Company also issued 76,020,767 new fully paid ordinary shares to certain creditors of Desert Lion in settlement of debt arrangements, which Desert Lion had intended to settle in common shares at the time of the announcement of the Arrangement but which had not been allotted at transaction close. The deemed share price of \$0.024 per share was based on the weighted average share price agreed under settlement of the debt arrangements by Desert Lion adjusted for the Exchange Ratio.

b) Bacchus Capital Advisors

On 31 July, the Company issued 13,786,605 fully paid ordinary shares to Bacchus Capital Advisors in accordance with the terms of its engagement as Corporate Advisor in relation to the Desert Lion Energy Inc business combination at an issue price of \$0.026 per share (Lepidico's closing share price on 11 July 2019, the day the transaction closed).

c) Related Party Options

On 21 November 2019, the Company issued a total of 73,000,000 options to directors, employees and consultants under the Company's Share Option Plan. The option exercise price was set at \$0.025 per share, being a 50% premium to the closing price on the day immediately preceding the issue.

d) Controlled Placement Agreement

On 23 December 2019, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to \$7.5 million of standby equity capital over a 26 month period to fund future product research and development work, new process technology development and working capital.

As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares at nil consideration to Acuity Capital ("Collateral Shares") but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

Note 7: Segment reporting
Reportable Segments

The Group operates two reportable segments, being mineral exploration and development of its technologies that includes L-Max[®], 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 2019				
Revenue	-	-	15,314	15,314
Total Profit/(Loss)	(11,698)	-	(4,443,268)	(4,454,966)
31 December 2018				
Revenue	10,000	-	30,565	40,565
Total Profit/(Loss)	10,000	-	(2,186,276)	(2,176,276)
(ii) Segment assets				
As at 31 December 2019	43,944,900	25,235,624	5,352,697	74,533,221
As at 30 June 2019	1,928,203	22,925,130	14,899,808	39,753,141

Geographical Information

	Australia \$	Africa \$	Canada \$	Europe \$	Total \$
(i) Segment performance for the Half year ended:					
31 December 2019					
Revenue	14,730	-	584	-	15,314
Total Profit/(Loss)	(1,612,875)	(389,723)	(2,376,449)	(75,919)	(4,454,966)
31 December 2018					
Revenue	40,565	-	-	-	40,565
Total Profit/(Loss)	(1,563,097)	-	(523,825)	(89,354)	(2,176,276)
(ii) Segment assets					
As at 31 December 2019	28,821,966	42,087,426	1,426,418	2,197,411	74,533,221
As at 30 June 2019	37,625,789	19,480	208,110	1,899,762	39,753,141

Note 8: Commitments

Operating lease commitments

	31 December 2019	30 June 2019
	\$	\$
Not later than one year	26,853	45,630
After one year but less than two years	-	-
	26,853	45,630

As at 1 July 2019, the Group did not have any leases in excess of 12 months of tenure and therefore the Group did not recognise a Right of Use asset and Lease liability as at 1 July 2019.

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 2019	30 June 2019
	\$	\$
Not later than one year	863,423	-
After one year but less than five years	2,639,255	-
	3,502,678	-

Note 9: Contingent Liabilities and Contingent Assets

There are no contingent liabilities as at 31 December 2019.

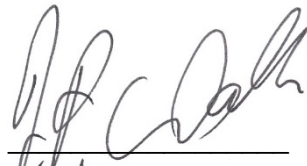
Note 10: Subsequent Events

There are no subsequent events noted.

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 24 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 2019 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 21 day of February 2020

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 2019, 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 2019 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 2019 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.

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

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
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on this 21st day of February 2020