



**LEPIDICO**

ASX: LPD

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## QUARTERLY ACTIVITIES REPORT

for the period ending 30 September 2023

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

### Key Points

#### Development & Finance

- Phase 1 Project economics remain robust – now include Helikon 4 and stockpile Ore Reserves, and take into account the latest independent lithium price forecasts
- Integrated Project NPV<sub>8</sub> post-tax of US\$457M vs US\$221M in the 2020 DFS, with operating life increasing from 15 to 19 years on the expanded Reserve base
- AISC of US\$8,730/t LCE and C1 costs of US\$5,891/t LCE, after by-product credits place the Project competitively in the second quartile of the latest forecast 2030 global cost curve
- Steady-state operating margins expanded 80% at an independent long-term lithium hydroxide price forecast of US\$30,980/t; annual free cash flow averages over US\$80M (A\$125M)
- Detailed design and engineering for the Karibib concentrator and Abu Dhabi chemical plant sufficiently developed to allow orders to be placed with major mechanical equipment vendors
- Karibib concentrator development time likely reduced on expected shorter manufacturing times, versus the 2022 FEED schedule, for certain major mechanical equipment such as the mill
- Public and private sector due diligence continues for equity partnership in the Abu Dhabi chemical plant; DFC legal due diligence can resume once the chemical plant ownership structure is agreed
- In parallel, funding for expedited implementation of the Karibib concentrator is being progressed under a sequential development strategy, with third-party concentrate sales ahead of the KEZAD chemical plant coming on stream
- Project funding commitments continue to be sought for this quarter

#### Products & Marketing

- The tender process for both future Karibib concentrator product and existing beneficiated stockpiles commenced with promising initial responses received: Karibib concentrate grade 2.5-3.5% Li<sub>2</sub>O over the project life, represent a premium product vs market quotes of 1.5-2.5% Li<sub>2</sub>O
- Lithium hydroxide supply negotiations with Electric Vehicle and lithium-ion cathode/battery manufacturers under the binding agreement with Traxys. Caesium sulphate agreements are being finalised. Silica, SOP and gypsum-rich residue volume are fully committed under LOIs

#### Corporate & Growth

- Cash and equivalents at 30 September 2023 of \$8.3 million
  - Phase 2 chemical plant hubs: in addition to the UAE; two prospective U.S. sites visited and being evaluated; Walvis Bay site to benefit from EU-Namibia infrastructure developments including green hydrogen; and sites identified in EU-UK
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## DEVELOPMENT & FINANCE

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

### Finance

Lepidico's strategic imperative remains to fast-track the business to free cash flow generation and in so doing demonstrate the commercial viability of its process technologies. The financing strategy for the vertically integrated Phase 1 Project has centred on core funding from the public sector for both the Karibib mine-concentrator and the Abu Dhabi chemical plant.

The U.S. Government's Development Finance Corporation (DFC) has advanced due diligence of the integrated Phase 1 Project to the point where key stakeholders in the Abu Dhabi chemical plant need to be identified to undertake associated legal due diligence, as previously announced. The critical minerals framework in Abu Dhabi continues to be developed and state organisation mandates for partnering in such projects have evolved as a result, which has led to alternate government entities conducting due diligence on the chemical plant from August 2023.

Both public and private sector organisations continue to conduct due diligence to partner with Lepidico on the KEZAD lithium chemical conversion plant.

These funding processes have taken far longer than originally envisaged. As a result, Jefferies Investment Bank embarked on a redirected private sector strategic partner initiative in April 2023. In parallel, Karibib existing beneficiated stockpiles and future concentrate are being proactively marketed. Significant interest is being shown in the mineral concentrate from Karibib, from both Chinese corporations and multiple non-Chinese groups. A concentrate and beneficiated stockpile tender process is in progress with promising responses already received and a review planned for November once in-person meetings have concluded. Volume from the beneficiated stockpiles at Karibib could be mobilised relatively quickly in the event a suitable outcome from the tender process is realised. These developments, coupled with the recent establishment of market quotes for lithium mica concentrates have led Lepidico to consider an alternative, sequential (versus parallel) development strategy, where the mine and concentrator are prioritised – selling lithium mica concentrate to third parties – ahead of committing to the downstream chemical plant. This provides for a much lower initial funding need and a quicker path to free cash flow. Recent engagement with major mechanical equipment manufacturers, such as mill fabricators, indicates meaningfully shorter delivery times currently than considered in November 2022 when Front-End Engineering & Design (FEED) was completed.

Lepidico remains determined to pursue the development of a chemical plant in Abu Dhabi given the associated strategic advantages: established infrastructure; availability of affordable energy, sulphur and other reagents; local markets for bulk products including the gypsum residue; and availability of skilled/semi-skilled labour. Due diligence continues for strategic partnership in the KEZAD chemical plant, and both government departments and KEZAD continue to state their support for Lepidico's development of the first commercial lithium chemical facility in the region. These stakeholders also understand the scalability of Lepidico's process technology, for not just expanding capacity at Karibib but for developing a lithium mica processing hub that treats third-party concentrates. Lithium chemical conversion hubs also continue to be evaluated at Walvis Bay, Namibia and in the U.S. as part of the ongoing scoping study.

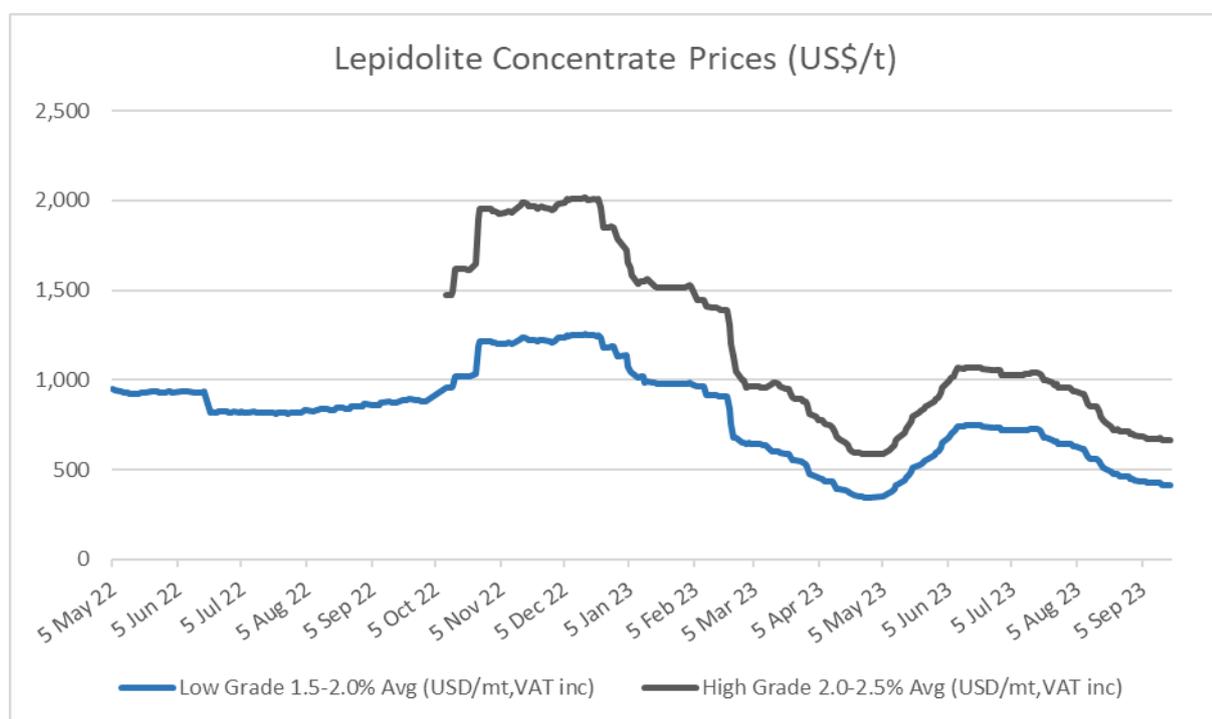
Lepidico continues to work with its advisors to develop funding structures and secure conditional finance commitments this quarter.

### Lithium Mica Concentrate Market

A market for lithium mica concentrates developed in 2022 following expansion of lithium mica processing in China. While the term "lepidolite" is extensively used for such concentrates the reality is that the actual underlying mineralisation invariably encompasses a range of lithium mica minerals that may include zinnwaldite, polyolithionite and lithian muscovite, as well as possibly lepidolite. Shanghai Metals Market (SMM) started quoting prices for lithium mica concentrate in May 2022 (see chart

below) with a grade range of 1.5-2.0% Li<sub>2</sub>O. In October 2022 a quote for higher specification concentrates of 2.0-2.5% Li<sub>2</sub>O was also introduced. Prices generally track lithium carbonate equivalent (LCE) and spodumene concentrate (SP6) prices. Lithium micas are now an established mainstream source of lithium. Lepidolite (read lithium micas) represented 44% of Chinese domestically sourced lithium in 2022, versus 45% from brine and just 11% from spodumene (Fastmarkets). And anecdotal evidence suggests that the average grade of lithium mica concentrates in China is now less than 2.0% Li<sub>2</sub>O.

Earlier in 2023 Lepidico started to receive increased interest in supply of its lepidolite rich lithium mica concentrate from Karibib. A commodity trader was appointed in April 2023 to market the stockpiles of previously beneficiated ore at Karibib to concentrate converters in China. Subsequently, these discussions have extended to include supply of concentrate from the planned US\$63M Karibib mine and concentrator. The Karibib deposits can produce a relatively high specification concentrate, estimated to grade between 2.5-3.5% Li<sub>2</sub>O over the life of mine and over 3.0% Li<sub>2</sub>O for at least the first 5 years of operation, making this a premium product. Iron content is low due to only minimal occurrences of the mineral zinnwaldite. Further, waste disposal is becoming a burgeoning issue for converters, providing a cost advantage for high lithium content concentrates.



Source: SMM data

### Phase 1 Economics<sup>1</sup>

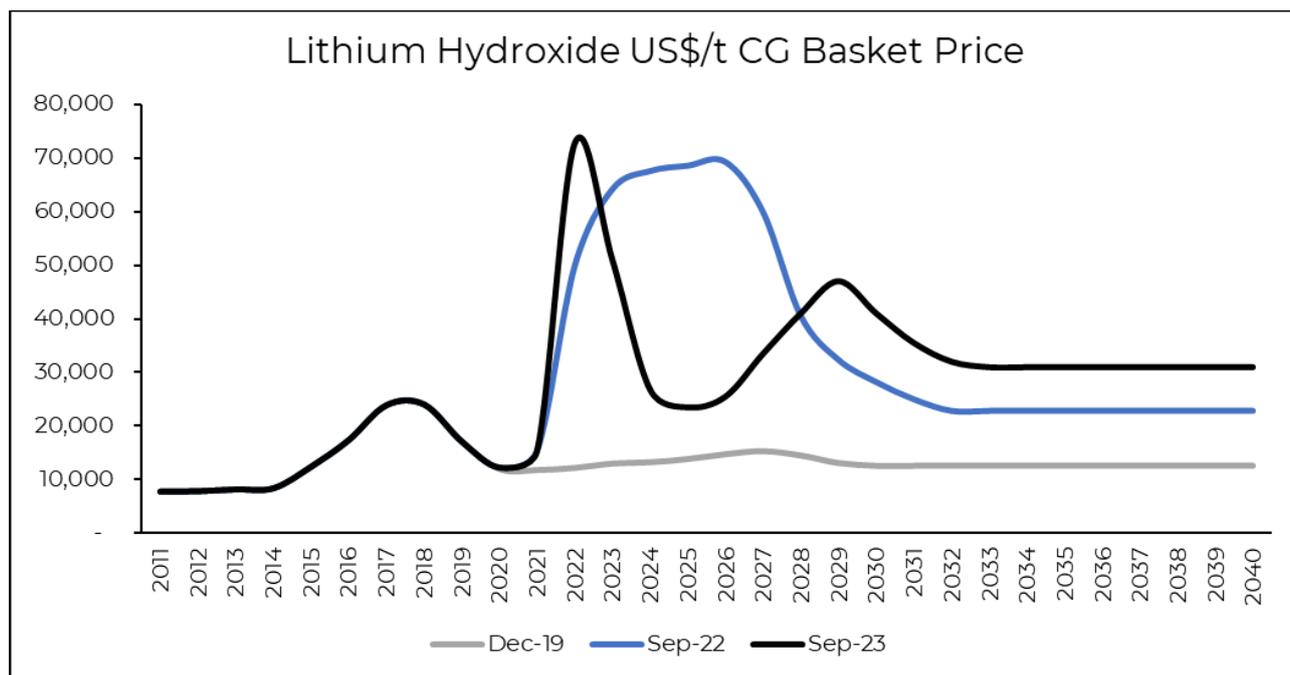
Phase 1 investment fundamentals are robust with a post-tax NPV<sub>8</sub> of US\$457M (A\$714M) for the integrated project. The pre-tax NPV<sub>8</sub> is US\$522M, of which 32% is attributable to the Karibib operations and 68% to the Abu Dhabi chemical conversion operation. Capital cost estimates remain unchanged at US\$266M, of which 24% is associated with the Namibian development and 76% in Abu Dhabi. The greatest single variance in valuations since the May 2020 Definitive Feasibility Study (DFS) is associated with the BMI lithium price forecasts. Payback for the project remains less than three years.

### Lithium Hydroxide price forecasts & operating costs

Lithium chemical prices have been particularly volatile over the past five years and as a result price forecasts have evolved rapidly with material variances occurring, sometimes quarter-on-quarter, across the length of the curve, evidenced by the chart below. The December 2019 forecast was used

<sup>1</sup> ASX Announcement, 30 October 2023, Phase 1 Project Economics Updated Operating Costs & Long-Term Margins Improved

for the DFS, while September 2022 prices as presented were adopted for the 19 December 2022 project update that followed the completion of FEED.



Source: BMI data (real); see Lepidico ASX Announcements of 28 May 2020 and 19 December 2022 for context  
 Note: Prices are calculated based on the BMI published price assessments for spot and long-term contract materials, and exclude related party transactions and transfer pricing

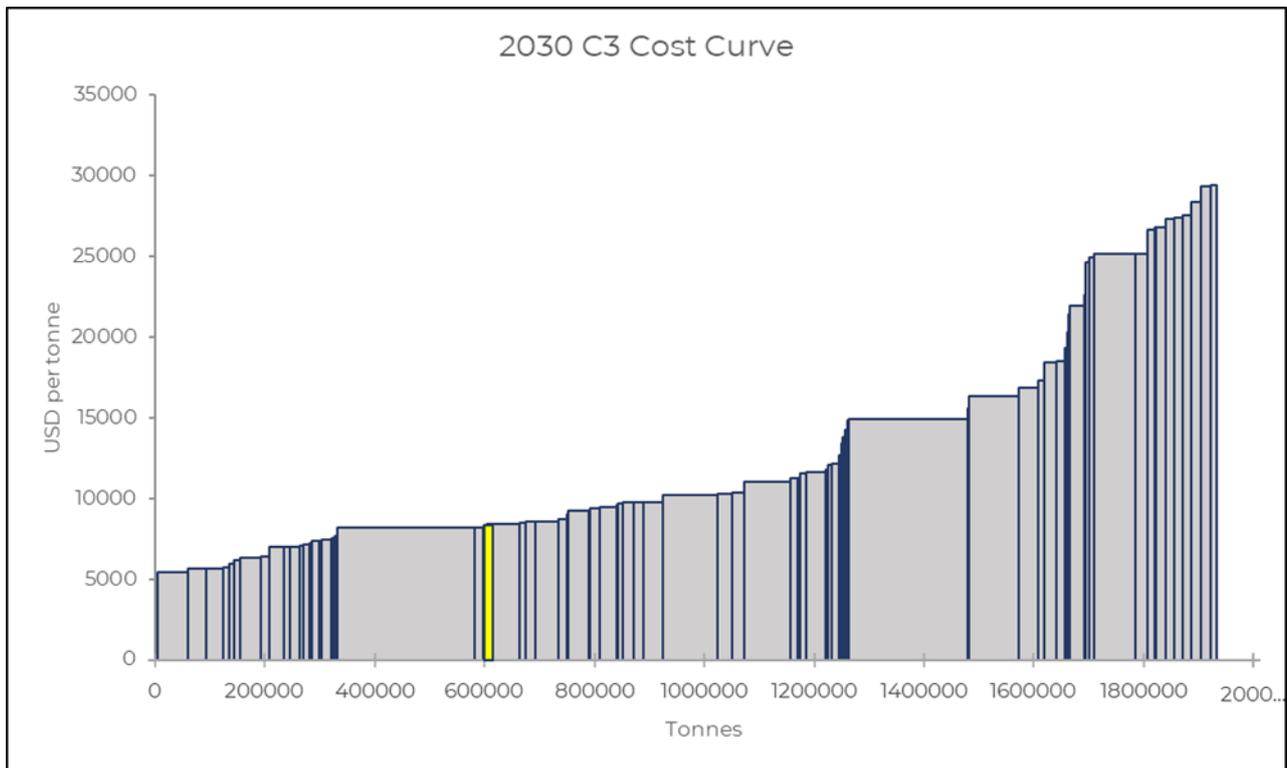
Variances in nearer-term price forecasts have the greatest impact on the project NPV. However, the rising trend in long-term prices has led to cash operating margins materially expanding, thereby enhancing the economic robustness of the integrated project.

This latest project economic update employs the latest BMI Base Case lithium hydroxide price forecast, as presented above (black line).

Life of mine All In Sustaining Costs (AISC)<sup>2</sup> are estimated to average US\$8,730/t Lithium Carbonate Equivalent (LCE) (US\$7,680/t lithium hydroxide) while C1 costs are estimated at US\$5,890/t LCE (US\$5,185/t lithium hydroxide), after by-product credits. Chemical plant by-products include caesium, rubidium, amorphous silica, sulfate of potash (SOP) and a gypsum-rich residue, with no solid process waste. No value or cost is ascribed to the gypsum and rubidium sales are assumed to start on a limited basis from 2029.

The integrated Phase 1 Project is positioned in the second quartile of the global AISC curve for 2030 after by-product credits are taken into account. The BMI 2023 cost curve indicates that the marginal cost of production is over US\$35,000/t LCE. However, it is notable that at prevailing prices of below US\$25,000/t, some high-cost lithium production has been curtailed. The marginal cost of production in 2030 is forecast to be around US\$30,000/t LCE, which provides fundamental support for the long-term price forecast of US\$28,980/t LCE real (US\$30,980/t lithium hydroxide).

<sup>2</sup> C1 cash costs: Brook Hunt convention for the reporting of direct cash costs comprising mine site, product transportation and freight, treatment and refining charges and marketing costs.  
 AISC or C3: C1 cash cost plus royalties; corporate support and shared services costs; sustaining capital; lease principal and interest charges; and deferred mining and inventory adjustments capitalised.  
 Net of by-product credits LCE basis: costs for lithium and other products after deduction of credits for by-product revenues, per tonne of recovered lithium chemical.



Source: BMI data after by-product credits September 2023, Lepidico Phase 1 Project (yellow column)

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

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

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

Karibib is fully permitted for the re-development of two open pit mines at Rubicon and Helikon 1, which will feed lithium mica ore to a central mineral concentrator that employs conventional flotation technology. Awarded Project permits include the Mining Licence (ML204), water extraction permit, Environmental Compliance Certificate (ECC), Accessory Works Permit and a separate ECC awarded for the overhead power transmission line.

## Product Marketing

See commentary above for the marketing of lithium mica concentrate from the planned Karibib concentrator.

Lepidico Chemicals Manufacturing signed a binding offtake agreement in December 2021 with Traxys Europe S.A. ("Traxys"), where Traxys provides sales-marketing, logistics and trade finance for 100% of lithium hydroxide manufactured during the first 7 years of operation or 35,000t in total. In addition, Traxys is acting as agent for 100% of the production of caesium sulphate solution from the KEZAD chemical plant.

The Company continues to work closely with Traxys to place the lithium hydroxide produced from the Phase 1 KEZAD plant on mutually beneficial terms that are sustainable, and effectively manage price

risk for supplier and consumer throughout a cycle. Prevailing lithium price weakness has caused consumers to delay making new commitments for lithium chemicals. However, offtake negotiations continue.

Caesium sulphate agreements are in the final rounds of negotiation with all expected production volume allocated to end customers. Volumes exceeding the expected production of amorphous silica, sulphate of potash (SOP) and gypsum-rich residue are allocated under LOIs to customers in the UAE.

## **Phase 2 Plant Scoping Study**

Broad interest continues to be shown in large-scale lithium mica processing hubs in Europe, Namibia, the UAE, the UK and the US.

Site visits were conducted to three prospective lithium mica chemical plant sites in the US, with two preferred sites selected. More detailed assessments are now being conducted, including engagement with State departments with respect to incentives.

A roadmap was announced in October 2023 for the EU-Namibia partnership, which aims to ensure the development of a secure and sustainable supply of raw materials, refined materials and renewable hydrogen to support the green and digital transformation. A lithium mica processing hub at Walvis Bay is expected to benefit from this initiative via the Namibian Government's Special Economic Zone Policy which includes provisions for fiscal incentives that include lower corporate income tax rates, reduced import duties/customs tariffs, capital deductions allowance, and research and development allowance; and non-fiscal incentives that include competitive utility tariffs. Furthermore, commitments are being made for the development of the first domestic supply of both natural gas and green hydrogen, key inputs for an L-Max<sup>®</sup> conversion plant. As previously advised, Lepidico has identified a 25-hectare site near Walvis Bay for an L-Max<sup>®</sup>/LOH-Max<sup>®</sup> chemical plant with a capacity of up to 20,000tpa LCE.

Two throughput scenarios are envisaged for Phase 2, a sister plant to Phase 1 with a nominal output capacity of 5,600tpa lithium hydroxide and a larger nominal 20,000tpa facility. The former is being evaluated based on concentrate feed solely from Karibib, while the larger facility will rely on lithium mica concentrate feed from third-party concentrators as well. To this end, additional sources of concentrate from third-party lithium mica mines continue to be evaluated, which could support the development of a global market for lithium mica concentrates, Lepidico's ultimate objective.

## **Sustainability**

The Sustainability Data Sheet for the year to 30 June 2023 was published in October 2023. It is planned that a Sustainability Report will be published every two years, with a Sustainability Data Sheet produced in the intervening years.

Development of our Sustainability Strategy, which includes our climate change roadmap to net-zero is well advanced with the materiality and climate risk assessments for the two operating jurisdictions – Namibia and the UAE – completed. A Human Rights Review has also been completed for our mining operations against key international standards and local legal requirements.

Lepidico aims to showcase its Climate Strategy, along with its industry-leading sustainability credentials at the UN Climate Change Conference, COP28, being hosted later this year in Dubai. Lepidico's Abu Dhabi commercial-scale lithium chemical plant will be the first of its kind in the Middle East and represents an enabler for further development initiatives in the electric vehicle supply chain within the UAE. Lepidico continues to work closely with its advisors and Abu Dhabi state-owned organisations for a strategic collaboration to develop its L-Max<sup>®</sup> lithium conversion plant.

## EXPLORATION & RESOURCE DEVELOPMENT

### Karibib Project (80%)

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals that the Namibian properties are prospective for, including lithium, caesium, rubidium, tantalum, gold, copper and tungsten. Work programs span a range of activities, from regional exploration assessing conceptual targets to Mineral Resource development. The near-term objectives of this work are to extend the operating life of the Phase 1 Project to over 20 years, expand the Resource base to support the Phase 2 Scoping Study and evaluate the Karibib licences for their gold potential.

#### Mineral Resource & Ore Reserve development

A further Resource extension drilling program has started at Helikon 4 with the objective of extending the lithium mica mineralised zone down dip, where the system remains open. Results from logging of the first fence of holes drilled along the deposit strike will dictate whether further drilling is needed. Assays are expected during the current quarter.

Preliminary assessment of data from the 4 large diameter geotechnical core holes drilled during the previous quarter at Helikon 4 provides encouragement for a significant steepening of the north pit wall. The final report is pending. It is envisaged that this initiative will reduce waste mining but more importantly, negate the need to seek approvals for mining outside of Lepidico's Karibib licence area.

#### Regional Exploration and Scout Drilling

Extensive soil geochemistry sampling coupled with ground magnetics has led to the identification of a new pegmatite target RT01, with an initial scout drilling program scheduled to start this quarter.

## CORPORATE

### Cash & Facilities

At 30 September 2023, the Company held \$8.3 million in cash and cash equivalents.

### Project Finance

Further to the development and finance discussion above, advisor Cygnum Capital continues to advise Lepidico on a strategic collaboration on the KEZAD chemical plant with several Abu Dhabi state-owned organisations. There continues to be strong support from KEZAD and other Abu Dhabi government departments for the Phase 1 lithium conversion plant, which represents a platform for growth and an enabler for further direct foreign investments in EV supply chain developments within Abu Dhabi.

Cygnum Capital is also advancing discussions with other Development Finance Institutions, commercial lenders and export credit agencies for debt finance for the Abu Dhabi chemical plant development, with credit approvals expected to be sought by lenders following the completion of due diligence.

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

### Legal Dispute

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

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

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

In accordance with the Arbitration Rules of the Singapore International Arbitration Centre (SIAC), the formal appointment of each party's nominated arbitrators and the third independent arbitrator was completed during the quarter. The next steps include the arbitrators agreeing on the arbitration timetable.

### **Patents and Trademarks**

During the quarter the patent for Lepidico's L-Max<sup>®</sup> technology was granted in Canada and as a result, the Company now holds granted patents for its L-Max<sup>®</sup> technology in the United States, Canada, Europe, Japan and Australia, along with an Innovation Patent in Australia. The Company also has patents granted for its process technology for lithium recovery from phosphate minerals (amblygonite) from the United States, Canada, Japan, Australia and Europe.

The national and regional phase of the patent application process is progressing for LOH-Max<sup>®</sup> under PCT/AU2020/050090. The S-Max<sup>®</sup> Australian patent applications are progressing under 2019262080 and 2019262079.

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

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

### **Annual General Meeting**

The Company's Annual General Meeting is scheduled to be held on Tuesday 21 November 2023, at 10:30 am (WST). The meeting will be a hybrid meeting held at Novotel Perth Murray Street, 388 Murray Street, Perth WA 600 and online via the Automic Group website at <https://investor.automic.com.au/#/home>.

The Notice of Meeting has been circulated to shareholders and is available on the Company's website.

## **Exploration and Resources**

### **Compliance Statement**

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

### **Previously Reported Results**

Reference in this report is made to the Company's ASX announcements dated 22 November 2022 ("Phase 1 Economics Updated & Improved"), 30 January 2023 ("Helikon 4 & Rubicon Stockpiles Upgrade to Mineral Resources"), 7 March 2023 ("Replacement Announcement – Helikon 4 Ore Reserve") and 30 October 2023 ("Phase 1 Project Economics Updated Operating Costs & Long-Term Margins Improved"). Other than as disclosed in those announcements, the Company confirms it is not aware of any new information or data that materially affect the information in those announcements.

### **Forward-looking Statements**

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

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

## CORPORATE INFORMATION

### Directors

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

### Registered & Principal Office

Suite 2, 680 Murray Street,  
West Perth, WA 6005, Australia

### Key Management

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

### Forward Shareholder Enquiries to:

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Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

Website: [www.automicgroup.com.au](http://www.automicgroup.com.au)

### Stock Exchange Listings

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

### Issued Share Capital

As of 30 September 2023, issued capital was 7,638,307,948.

As of 31 October 2023, issued capital was 7,638,305,948.

### Quarterly Share Price Activity

	High	Low	Close
July – September 2023	1.7c	1.0c	1.05c

Authorised for release by the Managing Director.

### Further Information

For further information, please contact

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**Managing Director**  
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**David Waterhouse**  
**Waterhouse IR**

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Email: [info@lepidico.com](mailto:info@lepidico.com)

Website: [www.lepidico.com](http://www.lepidico.com)

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

NAMIBIAN OPERATIONS, Karibib Project

### Karibib Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
<b>ML 204</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km <sup>2</sup>
<b>EPL 5439</b>	Lepidico Chemicals Namibia (Pty) Ltd	80%	09/06/2024	165 km <sup>2</sup>

## PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

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

Item 6.1: Aggregate amount of payments to related parties and their associates included in cash flows from operating activities is \$227,000:

	<b>\$'000</b>
Remuneration	132
Directors Fees	72
Payments to Director-Related Entities (Development)	23
<b>Total included in 6.1</b>	<b><u>227</u></b>

## Appendix 5B

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

Name of entity

Lepidico Ltd

ABN

99 008 894 442

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (expensed)	-	-
(b) development	(396)	(396)
(c) production	-	-
(d) staff costs	(827)	(827)
(e) administration and corporate costs	(637)	(637)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	75	75
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (legal dispute)	(115)	(115)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,906)</b>	<b>(1,906)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(3)	(3)
(d) exploration & evaluation (capitalised)	(472)	(472)
(e) investments	-	-
(f) other non-current assets (patents)	(12)	(12)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(487)</b>	<b>(487)</b>

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

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,829	10,829
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,906)	(1,906)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(487)	(487)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	(3)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(154)	(154)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,279</b>	<b>8,279</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	8,279	10,829
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,279</b>	<b>10,829</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	227
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

7.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities		
7.2	Credit standby arrangements **	Up to 7,500	3,525
7.3	Other (Revolving Vehicle Financing Facility)	160	152
7.4	<b>Total financing facilities **</b>	Up to 7,660	3,677
7.5	<b>Unused financing facilities available at quarter end</b>		Up to 3,983
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>** On 23 December 2019 the Company executed a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to \$7.5 million of standby equity capital to February 2022. Under the CPA Lepidico sets a floor price and the final issue price will be calculated as the greater of that floor price and a 10% discount to a Volume Weighted Average Price (VWAP) over a period nominated by Lepidico. As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares from its LR7.1 capacity, at nil consideration to Acuity Capital ("Collateral Shares") but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).</p> <p>On 19 April 2021 the Company announced it had raised A\$2,925,000 (after costs) through the set-off of 134,000,000 collateral shares (Set-off Shares) previously issued to Acuity Capital under the Controlled Placement Agreement (CPA) as announced on 23 December 2019.</p> <p>On 10 October 2022 the Company announced it had raised A\$600,000 (after costs) through the set-off of 23,100,000 Set-off Shares previously issued to Acuity Capital under the CPA.</p> <p>The Set-Off Shares reduces the total collateral shares to 72,900,000 million, which Acuity Capital is otherwise required to return to the Company upon termination of the CPA. The unused facility reduced by \$0.6 million following the capital raise and cash increased by \$0.6 million.</p> <p>On 26 January 2022 the Company agreed with Acuity Capital to extend the expiry date of its Controlled Placement Agreement ("CPA") to 31 January 2024.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,906)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(472)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,378)
8.4	Cash and cash equivalents at quarter end (item 4.6)	8,279
8.5	Unused finance facilities available at quarter end (item 7.5)	Up to 3,983
8.6	Total available funding (item 8.4 + item 8.5)	12,262

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

8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	5.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions: Although the Company has positive relevant outgoings at Item 8.3 it provides the following information due to the nature of the cash from operating activities during the quarter.	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A		
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023.....

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

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.