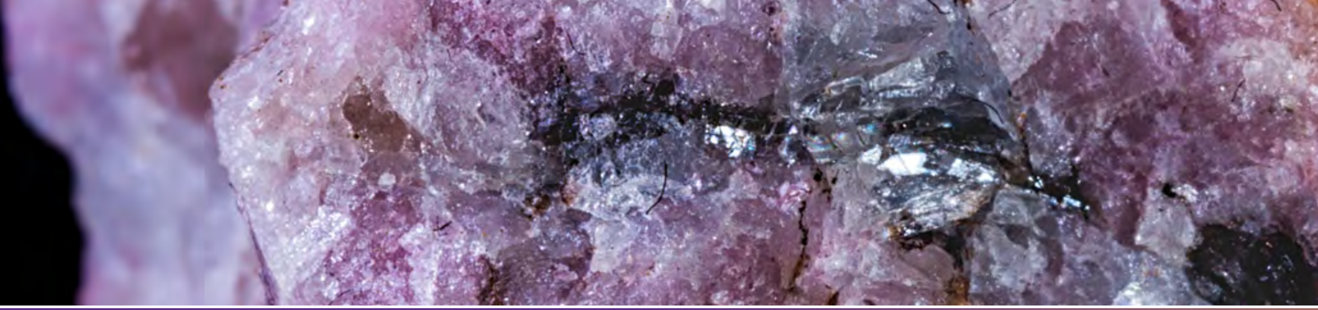

Commitment to the Future

2017
Annual Report

LEPIDICO

CORPORATE DIRECTORY

DIRECTORS

Gary Johnson (Non-Executive Chairman)
Julian (Joe) Walsh (Managing Director)
Tom Dukovcic (Director Exploration)
Mark Rodda (Non-Executive Director)

JOINT COMPANY SECRETARIES

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Shontel Norgate

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COUNTRY OF INCORPORATION

Australia

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2 The Esplanade
PERTH WA 6000

ASX CODE: LPD

CONTENTS

LEPIDICO

CHAIRMAN'S AND MANAGING DIRECTOR'S LETTER

In fiscal year 2017 our company delivered on the annual critical tasks identified in the five-year strategic plan established in July 2016, despite volatile markets for lithium companies and challenging corporate conditions. During such times of uncertainty, it is vital that long-term goals prevail.

We have put together a small but highly skilled team, who along with a strong network of advisors, have enabled us to address our objectives in a professional and timely manner. Our achievements since Lepidico and our L-Max® technology have been listed have been considerable.

Lepidico's overarching objective is to become a competitive lithium chemical producer by the end of this decade, while adhering to core values and a sustainable business model. To this end, we completed a pre-feasibility study during the year on a Phase 1 L-Max® Plant, based on a successful mini-plant campaign in Perth. The scale of our Phase 1 L-Max® plant is large enough to provide an attractive economic return, yet small enough for an emerging company to deliver upon. The results of this study were compelling and provided the confidence to commit to a full feasibility study, the engineering for which is on schedule for completion later in the 2017 calendar.

Another critical task is to secure concentrate feed for the Phase 1 Plant Project. Earlier this year three separate agreements were entered into, over three lithium mica rich deposits and prospects that individually have the potential to provide sufficient feed for the Phase 1 Plant, and collectively feed for a much larger scale, 15,000t-25,000t per year full scale L-Max® Plant, which remains a longer-term objective of the company.

At the time of writing we are on the cusp of delineating our first JORC Code compliant lithium mica Mineral Resource estimate at the Alvarroes Lepidolite Mine in Portugal, in collaboration with the owner Grupo Mota. Meanwhile, Avalon Advanced Materials Inc. is close to completing a revised NI43-101 compliant Mineral Resource for its Separation Rapids deposit. Both these Mineral Resource estimates specifically delineate different lithium minerals including lithium micas, to ensure the greatest understanding and certainty for the recoverable lithium content of each deposit.

Furthermore, farm-in agreements were entered into over the Peg 9 Prospect at Pioneer Resources' Pioneer Dome Project in Western Australia and subsequent to year-end the Moriarty Lithium Project owned by Maximus Resources. These two lithium prospects complement the arrangements Lepidico has in Canada and Portugal and will be evaluated in 2018 for their lithium mica potential, not just to support the Phase 1 Plant but also as a mineral inventory for a larger full scale plant development.

Looking forward, new sources of sustainable lithium production are required by a market which is in a dramatic growth phase due to accelerating demand for lithium-ion batteries. Abundant mica minerals have historically been overlooked as a source of lithium supply, as prior to the advent of L-Max® there was no commercially viable process to treat them.

L-Max® treats concentrated lithium-mica minerals to produce lithium chemicals, allowing the operator participation throughout the value chain at competitive capital intensity and moderate operating cost, in part due to the production of valuable by-products that include SOP fertilizer and sodium silicate. This patent registered process technology utilises industry standard equipment and mainstream, low cost chemicals via an innovative flowsheet to produce high quality lithium chemicals, essential for the fabrication of lithium-ion batteries used in electric vehicles and energy storage units.

Lepidico is committed to the commercialisation of L-Max® through the development of its Phase 1 Plant Project, planned to be located in Eastern Canada. This plant is designed to produce approximately 3,000 tonnes per year of lithium carbonate equivalent. Permitting remains on the critical path for an investment decision. To expedite this work-stream Lepidico has established a presence in the city of Toronto from which it will build as the business's center of gravity grows in the region.

NEW SOURCES OF SUSTAINABLE LITHIUM PRODUCTION ARE REQUIRED BY A MARKET WHICH IS IN A DRAMATIC GROWTH PHASE DUE TO ACCELERATING DEMAND FOR LITHIUM-ION BATTERIES

Differentiation is all important in the lithium space where there is no shortage of junior companies; a "red ocean" strategically speaking where competition is extremely high. L-Max® creates a new market space for lithium chemical production based on in ground resources for which there is only limited competition. Lithium mica deposits have never-before been the focus of systematic exploration, as there hasn't been a viable, sustainable process for the extraction of valuable products. L-Max® changes this. It also suggests that the highest quality lithium-mica deposits are certainly yet to be developed and even yet to be discovered.

Lepidico provides exposure to the relatively uncontested space for high-quality, accessible lithium mica minerals and the ability to process these into ecologically friendly, high-specification, products; a "blue ocean" in which the Company can grow rapidly. Lepidico is developing a clean-tech business that is synonymous with quality, from the material that it plans to mine to the highest possible value products that it will sell to its valued customers. As described, our strategy is clear and we extend our sincere gratitude to all stakeholders that are supporting the company on this exciting journey to becoming a new low cost producer of lithium chemicals.

Yours Faithfully
Gary Johnson, Chairman and Joe Walsh Managing Director

LITHIUM INDUSTRY AND MARKET

> Lithium-ion batteries are lighter and can store three times more energy than nickel-hydride and lead-acid batteries.

The lithium industry continues to be a particularly vibrant market segment and this is expected to continue well into the next decade as the clean energy revolution establishes itself globally. It is lithium's unique properties which make it a crucial element in high-performance rechargeable batteries that is creating such strong future demand growth projections from industry commentators, which in turn is supporting an attractive market outlook for future suppliers.

Lithium and its uses

Lithium is a chemical element with the symbol Li, and atomic number 3 in the Periodic Table of Elements. It is the lightest solid element at ambient temperature, indeed the lightest metal.

Lithium has numerous uses including in medical applications, ceramics, glass, lubricants and nuclear technology. Most importantly it is the key component of long life, rechargeable lithium-ion batteries, used to power mobile devices (phones, laptops and other consumer electronics). However, in more recent times battery manufacture has been accelerating due to the burgeoning demand in automotive applications (electric vehicles - EVs), and also energy storage systems (ESS) to better utilise renewable energy supply (solar and wind generated power).

Lithium-ion batteries are lighter and can store three times more energy than nickel-hydride and lead-acid batteries. Their unit cost continues to fall with technological improvements, adding further to demand and improving competitiveness.

Supply

Nearly all the world's lithium is produced from two sources, brine deposits (mostly in South America) and spodumene (hard rock) mines. Brine production has the advantage of comparatively low operating costs, but long development and ramp-up lead times and comparatively high capital costs to establish a project.

Hard rock spodumene projects can generally be developed in a shorter timeframe than brine projects and tend to have a more competitive capital cost to produce a spodumene concentrate. However, the concentrate requires downstream processing including roasting and as a result, attracts a relative high operating cost.

Lepidico aims to introduce a new third major supply source, from previously ignored mica deposits, thanks to its proprietary L-Max® technology. L-Max® is a clean-tech process with competitive capital intensity and low operating costs after eco-friendly by-product credits.

Demand

Global lithium carbonate consumption in 2016 was 197,000 tonnes per annum (Roskill, August 2017). Of this more than 56,000 tonnes was consumed in lithium-ion batteries (LIBs) and a further 18,000 tonnes was converted into lithium hydroxide, mainly for use in LIBs.

Whilst other lithium applications grow at a slow but steady rate, projected demand growth in batteries, especially for use in EVs is much higher, in large part because of significantly improved cost efficiencies in LIB manufacturing - "the cost per kilowatt-hour has fallen from US$1,000 in 2010, to $130-200 today" (The Economist, 12 Aug 2017 – "The Death of the Internal Combustion Engine")

It's all about the batteries...

- ~700kg LCE is required per GWh of LIB.
- Roskill foresee possible 1,000GWh of batteries being required in the next 10 years just for EVs, up from an estimated ~90GWh in 2016.
- Hence 1Mtpa of LCE would be required by 2026, a mighty 25% compound annual growth rate.
- Lepidico sees the opportunity for it to enter the lithium market as a new low cost producer with attractive margins throughout the commodity price cycle.
- The lithium market is relatively opaque when compared to those for many other metals. This however, is likely to change as demand increases, with for example the London Metals Exchange considering its involvement (Mining Journal 31 August 2017), via the introduction of contract arrangements to better manage the market and provide greater price transparency.

Clean technology revolution

The move towards EV adoption and thereby lithium-ion battery manufacture is accelerating as testified by recent announcements from major conventional car manufacturers.

- Volkswagen CEO Matthius Muller announced plans, on 28th April 2017, that would see VW build 2-3 million EVs per annum by 2025;
- on 5th July 2017, Volvo's Chief Executive Hakan Samuellson announced that from 2019 all new Volvo cars will have electric or hybrid engines; and
- France's Ecology Minister Nicolas Hulot announced that France will end sales of petrol and diesel vehicles by 2040.

Environmental drivers

It is not just the political necessity of dealing with climate change that has led to the clean technology revolution but the requirement to better address public health and air pollution concerns in many heavily populated parts of the world such as China. EVs and ESS linked to renewable energy will reduce particulate emissions and noxious gases in the atmosphere, leading to a cleaner, greener world for all. Lithium has a vital role to play in this regard.

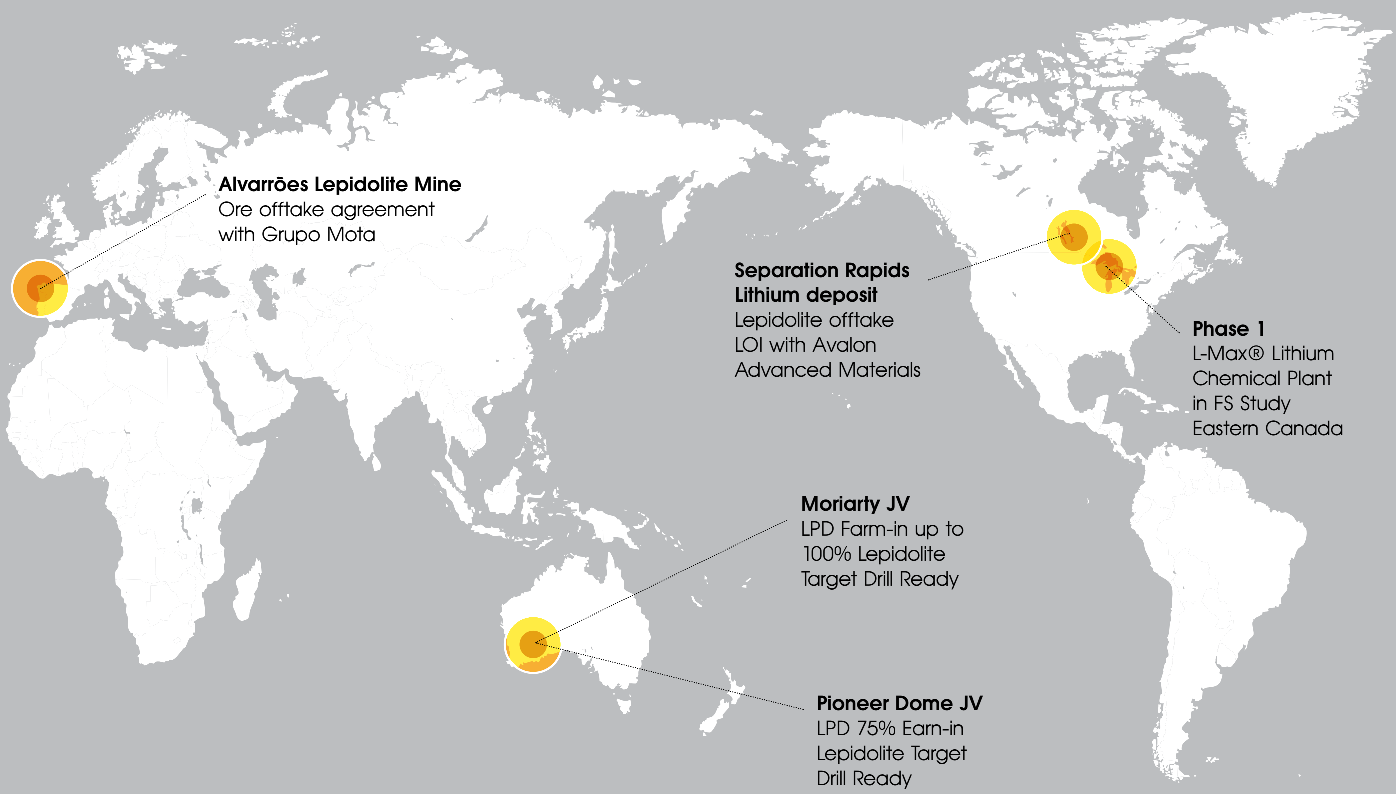
BUSINESS STRATEGY

Lepidico has a clearly defined strategy to leverage its registered L-Max® technology to process high-quality lithium mica resources via high-return, strategically located development projects that produce quality lithium chemicals and a suite of valuable by-products. Regions where there is abundant supply of competitively priced process consumables coupled with a depth of market for all products represent optimal locations for L-Max® facilities. These include the Great Lakes region of North America, continental Europe and select parts of Asia.

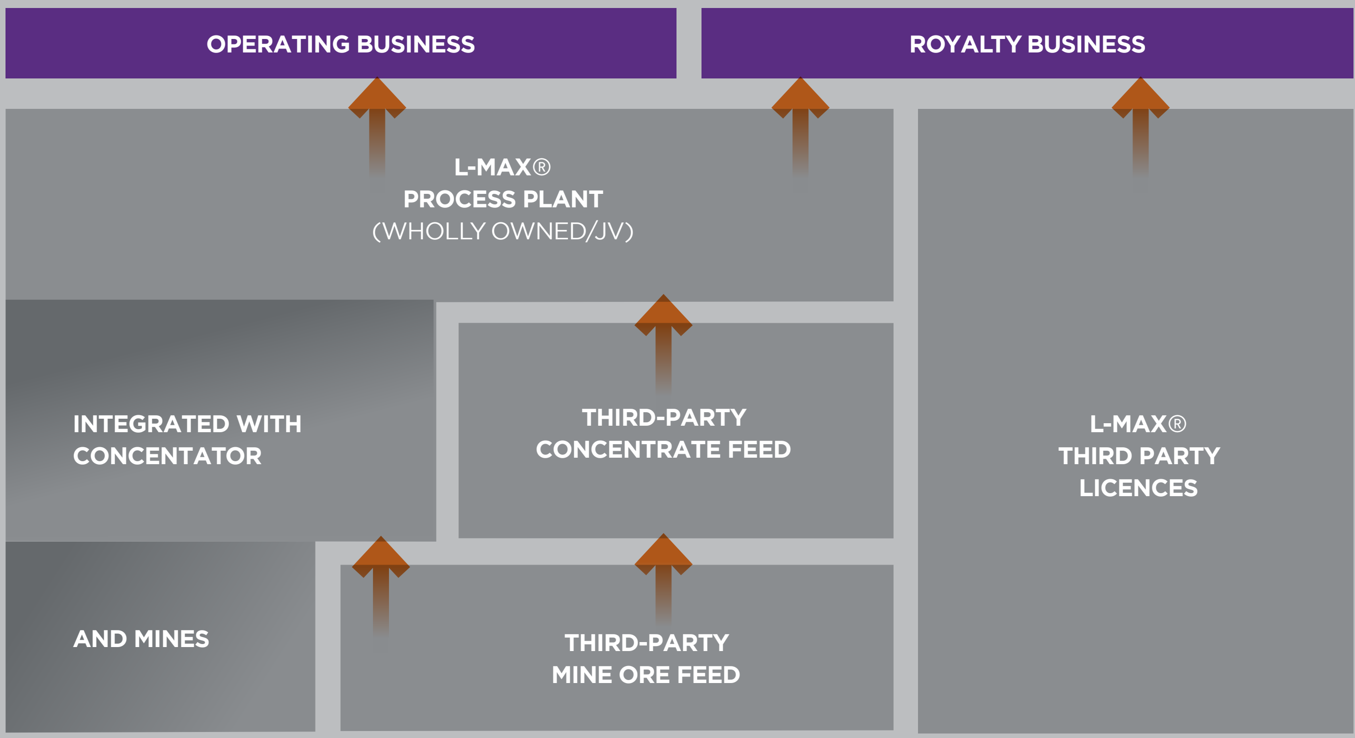
The Company's immediate strategic imperative is to scale up the L-Max® process to approximately 3.6 tonnes per hour in a Phase 1 Plant to demonstrate its commercial viability. This Project is currently the subject of a Feasibility Study and planned to be in production by the end of 2019.

In parallel with the planned Phase 1 Plant development the Company is committed to developing its lithium mica Resource base to support a Feasibility Study for a larger full scale L-Max® Plant Project, capable of producing between 15,000t and 25,000t per annum of lithium carbonate equivalent (LCE). Lepidico's flexible business model accommodates both Company owned and third party feed sources to its planned L-Max® facilities.

ASSETS MAP



LEPIDICO'S BUSINESS MODEL



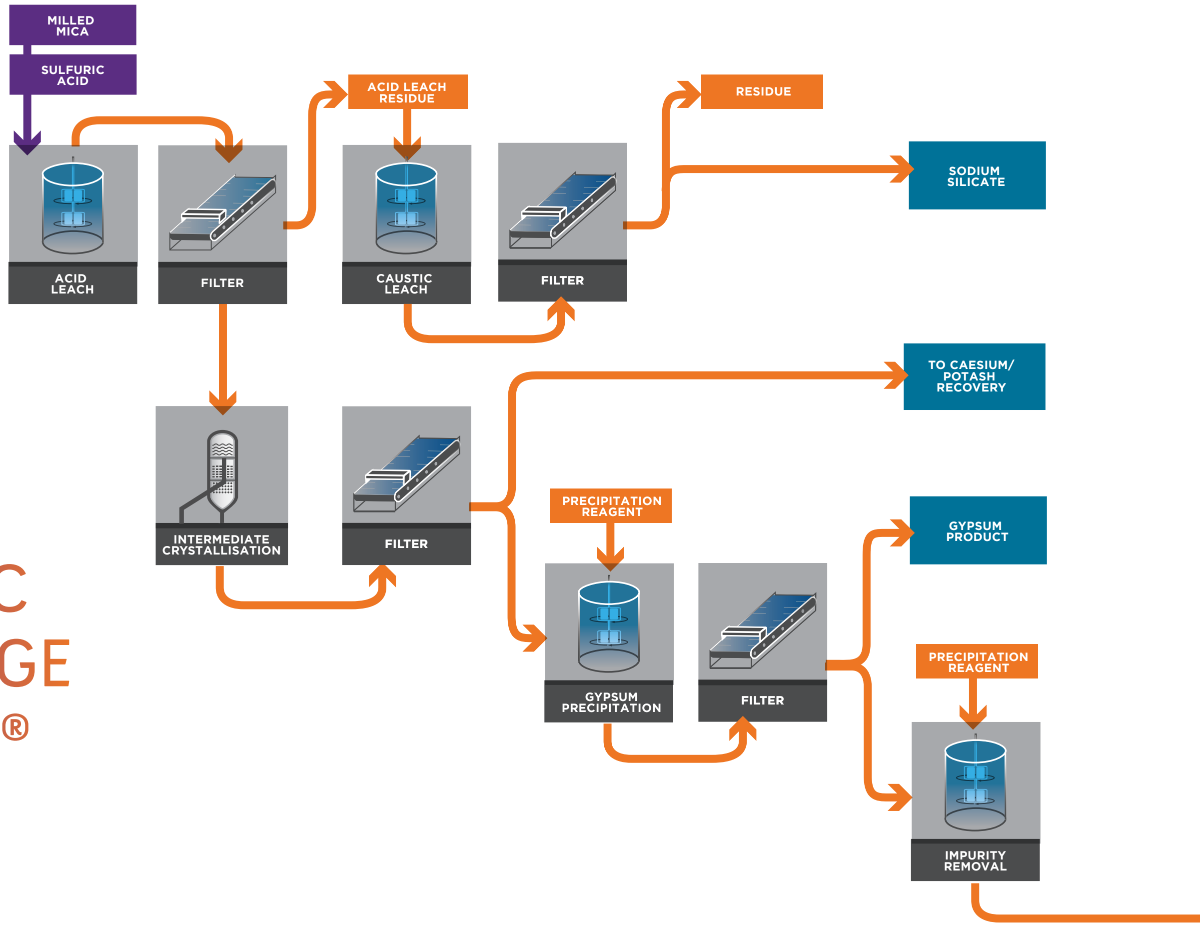
Integration

Lepidico's favoured strategy is to leverage its technology to acquire control of quality lithium mica assets to become an integrated lithium producer, participating in the value chain from mine to production of battery grade lithium chemical. Lepidico has agreements over a number of prospective lithium mica deposits and exploration assets which have the potential to support the Phase 1 Plant Project for approximately 10 years.

Licensing

In addition to owning and controlling its own lithium mica assets Lepidico is also able to licence its technology to other third parties and derive a royalty income from the use of its technology.

> Lepidico's strategy is to leverage its L-Max® technology to process high-quality lithium mica Resources via high-return, strategically located development projects



STRATEGIC ADVANTAGE OF L-MAX®

THE COMMERCIALISATION OF THE L-MAX® TECHNOLOGY HAS THE POTENTIAL TO ALTER THE MARKET DYNAMICS FOR THE PRODUCTION OF LITHIUM VIA THE INTRODUCTION OF NEW LOW COST SOURCES OF SUPPLY.

The L-Max® process allows the extraction and recovery of battery grade lithium chemicals such as lithium carbonate and lithium hydroxide from lithium bearing micas that include lepidolite and zinnwaldite. Such micas have until now been largely overlooked as sources of lithium as they were considered uneconomic, when compared to conventional hard rock spodumene or brine deposits. The successful development of L-Max® changes this dynamic.

The patent registered L-Max® technology is owned 100% by Lepidico's subsidiary Li-Technology Pty Ltd. It is protected by the International Patent Application PCT/AU2015/000608 and a granted Certification Report of Innovation Patent (2016101526) in Australia. The Company is currently in the national and region phase of the patent applications in jurisdictions where L-Max® may be optimally and strategically deployed. Not only do the patents protect the novel L-Max® technology, but it provides the Company with a tremendous opportunity to establish lithium rich micas as a third major source of lithium that to date has not been available.

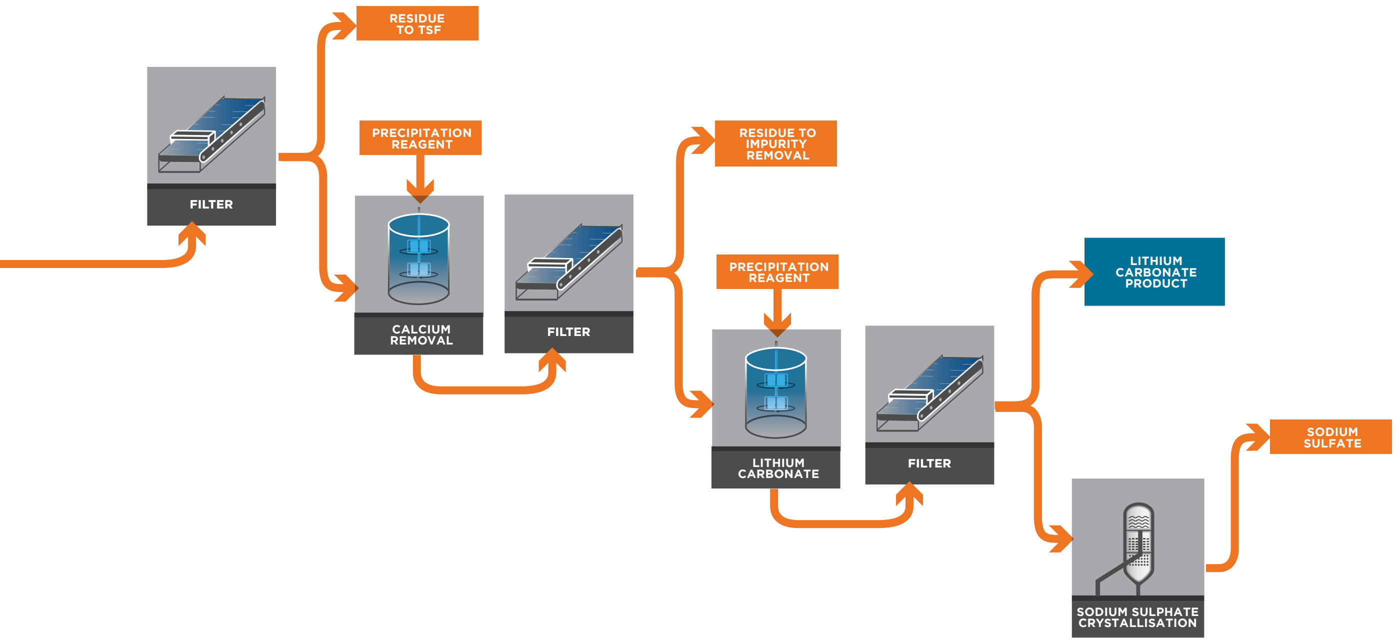
In addition, it provides the Company with a significant first-mover exploration opportunity as lithium mica rich pegmatites have typically been of purely academic interest to geologists.

At existing pegmatite mining operations, lithium micas generally report to tailings. These sources of lithium may be able to be unlocked with the commercialisation of L-Max® allowing Mineral Resource potential to be maximised and provide Lepidico with potential licensing opportunities with incumbent lithium companies.

How does L-Max® work?

L-Max® is a low energy consumption hydrometallurgical process which employs low cost, conventional reagents along with industry standard equipment.

The process involves the saturation acid leach of a lithium mica slurry at atmospheric pressure and modest temperature, followed by a series of impurity removal steps at progressively higher pH levels and the subsequent precipitation of lithium carbonate. The process bears no resemblance to the energy intensive processing of spodumene concentrates, which requires high temperature decrepitation and sulphate roasting prior to lithium recovery.



Lepidico successfully completed its second L-Max® mini-plant trial in early 2017. The mini-plant ran continuously and stably for 193 hours, processing a lepidolite concentrate with an average grade of 3.0% Li_2O to produce a high-specification battery grade lithium carbonate. Recoveries of more than 94% were achieved from the leach liquor. Overall lithium recovery from concentrate was approximately 89%. The mini-plant circuit operated stably, with minimal downtime and demonstrated that the process is extremely robust. Importantly, the circuit was fully integrated with all process loops closed, as in a commercial plant, to ensure the viability of continuous operation.

Lithium carbonate grading 99.5% or more was consistently produced during the continuous operations phase of the trial. A final re-precipitation was employed to further clean the product and resulted in the production of 99.9% purity lithium carbonate with very low levels of critical impurities.

STRATEGIC ADVANTAGE OF L-MAX® continued

Key conclusions from the mini-plant campaign were:

- Continuous operation has successfully demonstrated the process chemistry to be robust
- Lithium extraction and filtration characteristics in the leach are dependent on particle size with an optimal grind of approximately 30ųm
- Very low lithium losses (<3%) to the impurity removal residues were achieved
- Lithium recovery of 90% from leach feed to final product is estimated for the Phase 1 Plant
- Re-precipitated lithium carbonate was produced grading 99.9% with very low critical impurities
- High recoveries of caesium and rubidium to intermediate products were achieved, providing potential for an additional revenue stream
- Potential to recover tantalum from the L-Max® leach residue represents a further opportunity
- Further improvements in lithium recovery will be evaluated in Feasibility Study by the addition of a simple reprocessing stage of the leach residue

Lepidico has undertaken initial investigative work to confirm the efficacy of its lithium chemical products. Preliminary electrochemical characterisation of Lithium Iron Phosphate samples ($LiFePO_4$ or "LFP") prepared from Lithium Carbonate (Li_2CO_3) produced in the mini-plant runs was performed by QUT (Queensland University of Technology) with respect to lithium-ion battery suitability. Coin-cells were prepared and tested with satisfactory discharge rates and cyclability (charging / discharging) performance. There will now be an opportunity to make numerous 18650 LFP batteries in QUT's newly constructed battery pilot plant at Banyo, Queensland for further evaluation.

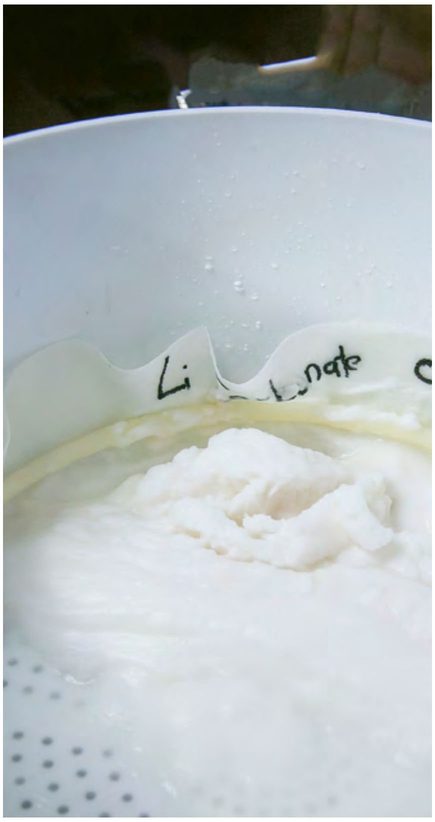
By-Products and Uses

The by-products provide an important, valuable source of revenue as well as reducing the amount of waste material generated, making L-Max® an extremely efficient process.

L-Max® can recover potassium sulphate and sodium silicate. Further by-product potential will be evaluated in Feasibility Study for caesium, tantalum, high purity gypsum and potentially sodium sulphate The production of ecologically friendly by-products further differentiates L-Max® from other hard rock lithium metallurgical processes.

Potassium sulphate is a premium fertilizer commonly known as sulphate of potash (SOP), which is used extensively in the agricultural sector.

Sodium silicate has a wide variety of applications which include: a bulking agent in liquid detergents, a paint additive, adhesives such as wallpaper paste and in the manufacture of corrugated cardboard, fillers, a fire retardant and as an intermediate product in the production of precipitated silica used in tyres.



PRODUCTION OF LITHIUM CARBONATE WITH A PURITY GREATER THAN

99.5%

PROJECT OVERVIEW

L-Max® Pre-Feasibility Study (PFS)

During the year, Lepidico announced the results of the Phase 1 plant PFS from lead consultant MinMet Services Pty Ltd. The study confirmed the viability of constructing a strategically located Phase 1 L-Max® plant in Eastern Canada via processing lithium-mica concentrates purchased from third-party suppliers. The study was based on a small scale, commercial L-Max® plant processing a lithium-mica concentrate feed at a rate of 3.6 tonnes per hour (tph) to produce approximately 3,000 tonnes per annum of battery grade lithium carbonate and a suite of commercially important by-products.

As part of the PFS, a lepidolite sample containing approximately 40% mica and 2.2% Li_2O was subjected to a series of batch tests to assess the amenability of the run of mine mineralisation for lithium extraction and recovery by L-Max®. The sample processed was from the Separation Rapids project, owned by Avalon Advanced Materials Ltd, with whom Lepidico has a Letter of Intent to acquire lithium concentrate.

Flotation of the sample from Separation Rapids achieved a lithium recovery to concentrate of 96% and produced a high-grade mica concentrate containing 4.5% Li_2O that was used as feed for the L-Max® process test-work. Ultimately, Li_2CO_3 of 99.88% purity was produced. Individual metallurgical recoveries by compound are outlined in the table below.

"FLOTATION OF THE SAMPLE FROM SEPARATION RAPIDS ACHIEVED A LITHIUM RECOVERY TO CONCENTRATE OF

96%

	Element				
	Lithium	Potassium	Silica	Caesium	Tantalum
L-Max® feed grade (%)	2.10	6.77	23.10	0.05	0.03
Recovery to product (%)	94	85	85	81	70

The PFS test-work produced consistent results and coupled with a compelling economic assessment provided the confidence for Lepidico to commit to undertaking a feasibility study.

Equipment selection for the Phase 1 Plant represents a smaller version of the equipment required for a larger full scale plant, with anticipated production capacity of 15,000- 25,000 tonnes per annum of lithium carbonate. This is intended to minimise the scale-up risk at larger throughputs. The path from PFS batch test-work to full scale commercial operation incorporates several development milestones. The continuous operation of a mini-plant followed by construction of a commercially viable small scale plant prior to a full scale commercial operation are critical steps in reducing project risk and optimising the process for continuous operation.

Plant location

A key requirement of the PFS was not only to minimise the cost of consumables (including logistics), but also to maximise the value of by-products. A series of logistics trade-off studies revealed that the optimal location for an L-Max® plant is in close proximity to an abundant source of sulfuric acid, such as produced by base metal smelters, and deep markets for manufacturing, that utilise industrial chemicals such as sodium silicate. These studies identified the Great Lakes region of North America, continental Europe and select parts of Asia as key locations for siting L-Max®.

Site visits to Separation Rapids, Kenora and Sudbury all in Ontario, Canada as well as Winnipeg in Maniboa were conducted to evaluate prospective locations for the Phase 1 Plant. Trade off studies between remaining sites in Eastern Canada were undertaken. Suitable enclosed facilities close to sources of sulphuric acid, serviced by power, gas and road within established industrial parks adjacent to the rail network have been identified for lease in several locations. This level of existing infrastructure will provide considerable benefit to the project.

Feasibility study (FS)

The Feasibility Study commenced in May 2017, and will be conducted to a Class 3 level of cost estimate accuracy. In contrast to the PFS, the FS is based on a vertically integrated model from mine and concentrator to L-Max® plant, which will receive mica concentrates of a suitable lithium grade and quality from both mines that Lepidico operates and third-party sources that perform the mining and concentration operations on a commercial, arm's length basis. Although, the L-Max® plant could process concentrate from one source, it is likely that multiple sources will be contemplated in the study to provide flexibility and security of feed.

Four sources of additional value will also be investigated in the FS:

- conversion of lithium carbonate to lithium hydroxide;
- the potential value of producing caesium in formate brine;
- recovery and sale of sodium sulphate; and
- production of gypsum as saleable by-product.

Permitting and logistics studies commenced soon after fiscal year end, and final process design data is expected to be completed by end December 2017. The integrated FS is scheduled to be completed and reported upon in mid-2018. A positive outcome should see project implementation commencing in the second half of calendar year 2018 for first production in late 2019.

LEPIDICO IS COMMITTED TO THE COMMERCIALISATION OF L-MAX® THROUGH THE DEVELOPMENT OF ITS PHASE 1 PLANT PROJECT.

L-Max®

EXPLORATION OVERVIEW

SIGNIFICANT PROGRESS WAS MADE IN FISCAL YEAR 2017 IN SECURING QUALITY LITHIUM MICA ASSETS, THE AIM OF WHICH IS TO BUILD A MINERAL RESOURCE INVENTORY, INITIALLY TO SUPPLY CONCENTRATE FEED TO THE PROPOSED PHASE 1 L-MAX® PLANT BUT ALSO TO ENVISAGED SUBSEQUENT LARGER DEVELOPMENTS.

Alvarrões Lepidolite Project

The Alvarrões Lepidolite Project is located 10km south of the city of Guarda in NE Portugal. The Project comprises an extensive system of flat-lying lepidolite-bearing pegmatite sills intruded into a granite host over an 8km x 2km corridor. Most of this area is contained within Mineral Claim MNC000008, owned by Felmica Minerais Industrias SA, which mines lepidolite ores and after processing supplies a lithium mica concentrate to the ceramics industry. Lepidico has an ore access agreement with Grupo Mota, the 75% owner of Felmica, under which Lepidico is required to spend €250,000 on exploration to gain access to lepidolite ore.

Lepidico has met this expenditure commitment by completing an initial diamond drilling program at Alvarrões totalling 19 holes for 1,240m of HQ core. Most of this work was concentrated at the Block 1 area in order to derive a maiden JORC Code compliant Mineral Resource estimate.

So far thirteen stacked lepidolite-bearing pegmatite sills have been identified at Alvarrões, ranging in thickness from 0.5m to 4m and averaging 15% to 30% lepidolite content. At Block 1, continuity of the pegmatite system has been shown to extend at least 400m along strike and 350m down dip, suggesting an exploration target of 1.5 Mt to 2.0 Mt of lepidolite-bearing pegmatite within the target horizon. If confirmed by resource modelling, Block 1 could readily provide sufficient feed to a Phase 1 L-Max® Plant for in excess of ten years.

A maiden Mineral Resource estimate for Block 1 at Alvarrões is expected to be available early in the December 2017 quarter.

Separation Rapids

Separation Rapids is a large LCT-type (Lithium, Caesium and Tantalum) complex pegmatite deposit located in northwest Ontario, Canada and owned by Avalon Advanced Materials Inc (TSX-V:AVL).

As at October 2016 the total Mineral Resource estimate (NI43-101 compliant) at Separation Rapids was 9.63 Mt @ 1.31% Li_2O. Lithium mineralisation consists of petalite, lepidolite and lithium-rich muscovite.

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.

Under a Letter of Intent, announced on 6 February 2017, it is envisaged that Avalon will produce 15,000 tonnes per annum of lepidolite concentrate for feed to Lepidico's proposed Phase 1 L-Max® Plant to be built in Eastern Canada. Bench-scale testwork showed that Separation Rapids material is ideally suited to the L-Max® process, producing battery grade lithium carbonate of 99.88% purity.

The association with Avalon represents an opportunity to provide a long-life source of lithium-mica feedstock for processing by L-Max®, to generate lithium chemicals to the global market.

The Peg 9 Prospect

Lepidico is earning a 75% interest in the Peg 9 lepidolite prospect through a farm-in agreement with Pioneer Resources Limited (ASX:PIO), as announced on 23 February 2017. Peg 9 occurs in a cluster of thirteen pegmatites defined along a 20km trend that flanks an Archaean granite intrusive located 35km north of Norseman in Western Australia. The Peg 9 farm-in area covers approximately 2.5km of strike within exploration licence E63/1669.

Detailed mapping has identified outcropping and sub-cropping lepidolite bearing pegmatites over a 400m x 200m area. Rock chip samples returned up to 3.94% Li_2O from a lepidolite-rich sample.

A pronounced soil geochemical anomaly (Li, Rb, Cs, Ta, Nb) confirms the LCT-type characteristics of Peg 9 and its prospectivity for lepidolite mineralisation. Lepidico expects to commence work at Peg 9 in the December quarter, upon receiving final permitting approval.

Moriarty Lithium Project

The Moriarty Lithium Project covers some 70km^2 of mafic-ultramafic rocks of the Norseman-Wiluna greenstone belt, situated 20km south of the Mt Marion lithium mine and 20km SW of the mining town of Kambalda in Western Australia. As announced on 21 August 2017, under a Binding Term Sheet agreed with Maximus Resources Limited (ASX:MXR) Lepidico can earn up to 100% interest in the lithium rights within the project area.

Moriarty includes lepidolite bearing pegmatites at the Lefroy prospect from where rock chips from a 200m long pegmatite averaged 3.55% Li_2O. Other lithium occurrences within the project area are reported at the Landor and Larkinville prospects.

Field work at Moriarty commenced in September 2017, with the aim of delineating targets for drill testing thereafter.

Lemare Lithium (Spodumene) Project

The Lemare Spodumene Project, owned by Critical Elements Corporation (TSX-V:CRE), covers an area of 74km^2 in the James Bay region of Quebec, Canada. Lepidico can acquire up to 75% of the Project through a series of exploration expenditure commitments and cash and share payments to Critical Elements.

Lepidico funded two phases of diamond drilling at the project during the past year, totalling 31 holes for 3,315m of NQ core. Lepidico has now met its initial C$800,000 exploration expenditure commitment.

The Lemare spodumene pegmatite has now been drill defined over at least an 800m strike. The pegmatite typically pinches and swells along strike and down dip, and remains open in all directions.

Better intercepts include:

LEMARE SECTOR:

21.0m @ 1.75% Li_2O,
from 38.8m, in hole LE-16-03

28.5m @ 2.15% Li_2O,
from 5.50m, in hole LE-16-13

24.0 m @ 1.87% Li_2O,
from 13.5m, in hole LE-16-14

SW EXTENSION SECTOR:

33.7m @ 0.94% Li_2O,
from 9.60m, in hole LE-17-29

18.0m @ 2.00% Li_2O, from 6.80m,
in hole LE-17-30

BOARD OF DIRECTORS

Mr Gary Johnson

Chairman (Non-executive)
Qualifications - MAusIMM, MTMS, MAICD

Mr Johnson has over 30 years' experience in the mining industry as a metallurgist, manager, owner, director and managing director possessing broad technical and practical experience of the workings and strategies required by successful mining companies. Gary operates his own consulting business, Strategic Metallurgy Pty Ltd, specialising in high-level metallurgical and strategic consulting. He has been a Director of the Company since 9 June 2016.

Special responsibilities:

Member of Audit and Risk Committee

Chair of the Remuneration and Nomination Committee

Other Current Directorships of listed public companies:

Director of Antipa Minerals Ltd

Director of St-Georges Platinum and Base Metals Ltd (TSX listed Company)

Former Directorships of listed public companies in the last 3 years:

Potash West NL (resigned 26 September 2014)

Hard Creek Nickel Corporation (TSX listed) (resigned 30 June 2015)

Mr Julian "Joe" Walsh

Managing Director (Executive)
Qualifications - BEng, MSc

Mr Walsh is a resources industry executive, mining engineer and geophysicist with over 25 years' experience working for mining companies and investment banks in mining related roles. Joe was the General Manager Corporate Development with PanAust and was instrumental in the evolution of PanAust from an explorer in 2004 to a US$2+billion, ASX 100 multi-mine copper and gold company. Joe also has extensive equity capital market experience and has been involved with the technical and economic evaluation of many mining assets and companies around the world.

Other Current Directorships of listed public companies:
None

Former Directorships of listed public companies in the last 3 years:
None

Mr Mark Rodda

Non-Executive Director
Qualifications - BA, LLB

Mr Rodda is a lawyer with 20 years' private practice, in-house legal, company secretarial and corporate consultancy experience. Mr Rodda has considerable practical experience in the management of local and international mergers and acquisitions, divestments, exploration and project joint ventures, strategic alliances, corporate and project financing transactions and corporate restructuring initiatives. Mark currently manages Napier Capital Pty Ltd, a business established in 2008 to provide clients with specialist corporate services and assistance with transactional or strategic projects. Prior to its 2007 takeover by Norilsk Nickel, Mark held the position of General Counsel and Corporate Secretary for LionOre International, a company with operations in Australia and Africa and listings on the Toronto Stock Exchange (TSX), London Stock Exchange and ASX.

Mr Tom Dukovcic

Director Exploration (Executive)

Qualifications - BSc(Hons), MAIG, MAICD

Mr Dukovcic is a geologist with over 28 years' experience in exploration and development. He has worked on a range of commodities in diverse regions throughout Australia and internationally and has been directly involved with the management of gold discoveries in Australia and Brazil.

Mr Dukovcic is a Member of the Australian Institute of Geoscientists and a Member of the Australian Institute of Company Directors. He has been a Director of the Company since 22 April 1999 and brings valuable geological expertise, exploration knowledge and management experience to the Board.

Other Current Directorships of listed public companies:
None

Former Directorships of listed public companies in the last 3 years:
None

MR TOM DUKOVCIC

CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

Ms Shontel Norgate

Appointed 14 November 2016

Qualifications: CA, AGIA ACIS

Ms Norgate is a Chartered Accountant with over 20 years' experience in the resources industry including debt and equity finance, financial reporting, project management, corporate governance, commercial negotiations and business analysis experience in finance and administration. Prior to joining Lepidico Shontel was CFO for ten years with TSX-listed resources company, Nautilus Minerals Inc. Prior to her appointment at Nautilus Minerals, Ms Norgate was Financial Controller with Macarthur Coal Ltd and Southern Pacific Petroleum NL, both listed on the ASX and commenced her career as an auditor with Price Waterhouse (now PricewaterhouseCoopers)

MS SHONTEL NORGATE

JOINT COMPANY SECRETARY

Mr Alex Neuling

Appointed 30 September 2016

Qualifications: BSc, FCA (ICAEW), ACIS

Mr Neuling has extensive corporate and financial experience including as director, chief financial officer and/or company secretary of various ASX-listed companies in the mineral exploration, mining, oil and gas and other sectors. Alex is principal of Erasmus Consulting, which provides company secretarial and financial management consultancy services to ASX-listed companies. In addition to his professional qualifications, Alex also holds a degree in Chemistry from the University of Leeds in the United Kingdom.

MR ALEX NEULING

MANAGEMENT TEAM

Mr Gavin Becker

General Manager – Business Development
ARSM, BSc(Eng), MBA, CP(Met), FAusIMM, GAICD

Gavin is a metallurgist with 40 years industry experience. During that time he has worked in senior operational, R&D, feasibility study and consulting roles on gold, uranium, base (copper, nickel, cobalt) and specialty (scandium, lithium) metal projects and/or operations.
He holds a Bachelor of Science (Eng) degree from Imperial College, London and completed his MBA at Bond University. Gavin is a Fellow of the Australasian Institute of Mining and Metallurgy and is an Associate of the Royal School of Mines (UK).

Mr Peter Walker

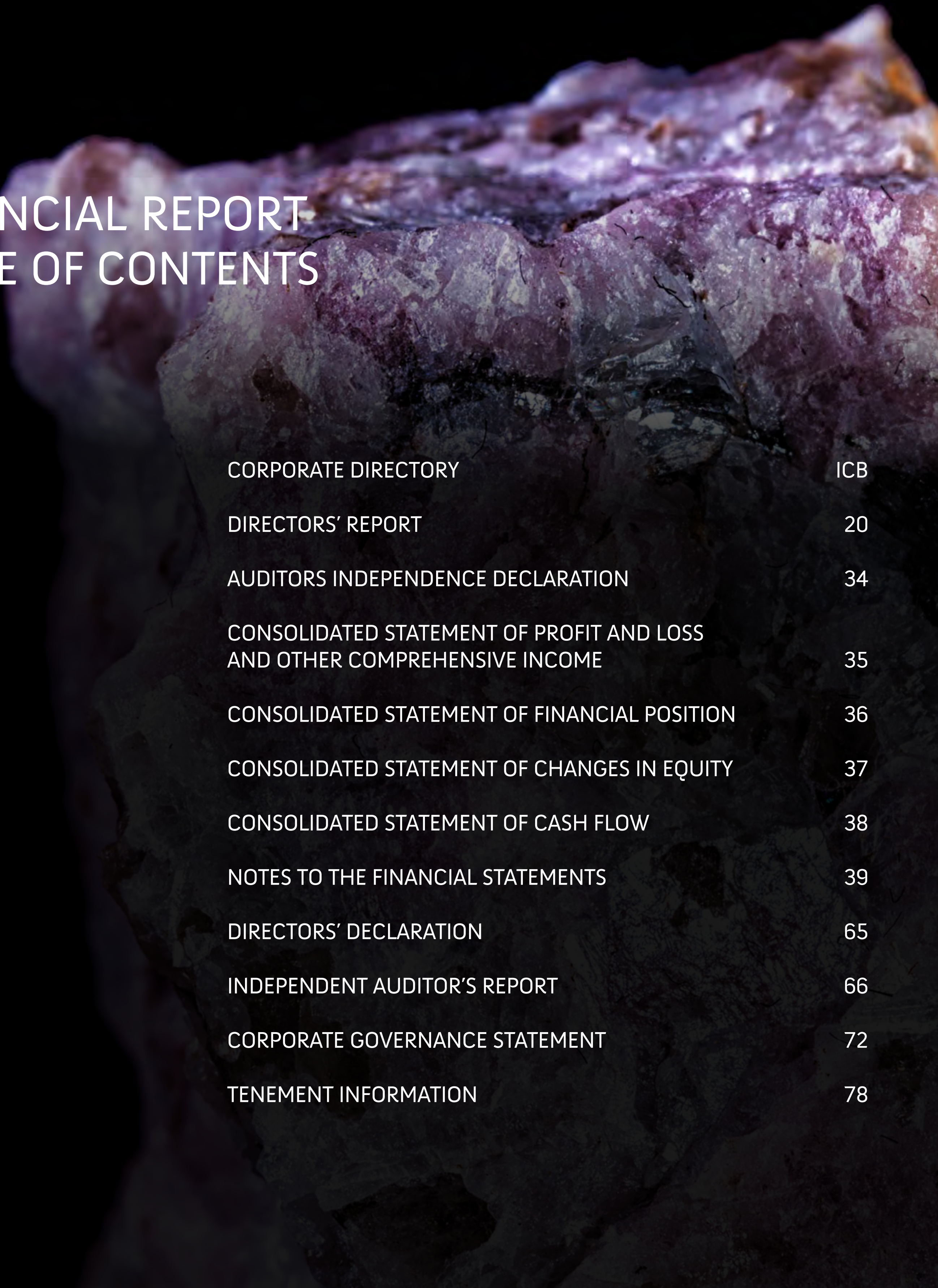
General Manager

Peter Walker is a metallurgist with more than 30 years' experience in the design, commissioning and operation of processing plants and general management of operations, with experience in Europe, Africa, Asia, Australasia, and South America.

Peter has managed several feasibility studies encompassing a range of commodities and countries. In recent years Peter has been responsible for the feasibility and development of green and brown field projects in Thailand, Laos, and Chile.

Peter has worked for a number of engineering groups as well major and mid-tier operating companies. Commodities include lead/zinc, uranium, coal, nickel, copper, lithium, and precious metals.

FINANCIAL REPORT TABLE OF CONTENTS



DIRECTORS' REPORT

The Directors of Lepidico Ltd ("Directors") present their report on the Consolidated Entity consisting of Lepidico Ltd ("the Company" or "Lepidico") and the entities it controlled at the end of, or during, the year ended 30 June 2017 ("Consolidated Entity" or "Group").

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

Mr Gary Johnson	Non-executive Chairman	
Mr Joe Walsh	Managing Director	(appointed 22 September 2016)
Mr Tom Dukovcic	Director Exploration	
Mr Mark Rodda	Non-executive Director	(appointed 24 August 2016)
Mr Rocco Tassone	Non-executive Director	(resigned 1 September 2016)

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

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the financial year was mineral exploration and the development and licensing of the L-Max® Technology.

DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2017, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

SUMMARY REVIEW OF OPERATIONS

For the financial year ending 30 June 2017 the Group recorded a net loss of $5,357,243 (2016: $2,263,225) and a net cash outflow from operations of $2,669,730 (2016: $773,503).

The net assets of the Group decreased to $20,629,913 at 30 June 2017 (2016: $20,812,028).

OPERATIONS

L-Max® Patents

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

Lepidico submitted an international patent application for the L-Max® Process under the Patent Cooperation Treaty administered by the World Intellectual Property Organisation in October 2015. Australian Innovation Patent 2016101526 was filed as a divisional application of the international patent application for the L-Max® process. This process includes a rigorous 'preliminary' examination of the process described and claimed, based on internationally accepted criteria for patentability (the examination being conducted in this case by the Australian Patent Office as an International Searching & Examining Authority). Following this examination, it was acknowledged in the International Preliminary Report on Patentability that the L-Max® process as described and claimed in the international application was "novel, inventive, industry applicable and patentable."

On 8 February 2017, the L-Max® process (the subject of International Patent Application PCT/AU2015/000608), was granted a Certification Report of Innovation Patent (number 2016101526) in Australia. The conclusions of the International Preliminary Report on Patentability represent a guide for Patent Offices from which national and/or regional phase patent applications may proceed.

In April 2017, the Company proceeded with the national and region phase of patent applications in several jurisdictions in which L-Max® may operate in the future.

Pre-Feasibility Study – Phase 1 L-Max® Plant
During the year, Lepidico completed a Pre-Feasibility Study ("PFS") on a Phase 1 L-Max® Plant, conducted by lead consultant MinMet Services Pty Ltd. The Study was based on a small scale commercial L-Max® Plant ("Phase 1 Plant") processing a lithium-mica concentrate feed at a rate of 3.6 tonnes per hour (tph) to produce approximately 3,000 tonnes per annum of battery grade lithium carbonate and a suite of valuable by-products.

The PFS highlighted the considerable economic benefits of a Phase 1 L-Max® Plant strategically located in Ontario, Canada, close to sources of bulk consumables, established infrastructure and markets for bulk by-products, rather than close to sources of lithium-mica concentrate feedstock.

Strategic positioning for the Phase 1 Plant means consumable and labour related costs are minimised and by-product potential is maximised, allowing lithium-mica concentrates to be shipped over considerable distances and potentially half-way around the world for high quality feed.

An assumed concentrate feedstock price of approximately US$350/t was used for the PFS, based on a quoted supplier price, inclusive of feed preparation and shipment costs. This figure also reconciles well with the prevailing spodumene market price, as adjusted for the lower lithium content of lepidolite concentrate.

Feasibility Study – Phase 1 L-Max® Plant
Work on all near critical path activities for the Phase 1 L-Max® Plant Feasibility Study commenced in May 2017, including: L-Max® and concentrator process design; Mineral Resource definition programs; mine planning at Alvarrões; logistics trade-off studies to finalise plant site selection; and permitting.

Site visits to Separation Rapids, Kenora and Sudbury all in Ontario, Canada, were conducted to further evaluate prospective locations for the Phase 1 Plant, along with associated permitting and logistics requirements. A trade-off study between Kenora and Sudbury was completed subsequent to year end with Sudbury the favoured location as it provides for substantial operating cost savings, and greater access to mining and processing services. Suitable enclosed facilities serviced by power, gas and road within established industrial parks close to the rail network have been identified for lease in Sudbury. This level of existing infrastructure will provide considerable benefit to the project. Knight Piésold Ltd, a Canadian based consulting firm was appointed on 9 August to provide permitting and TSF engineering services.

On 3 August 2017 the Company appointed Lycopodium Minerals Pty Ltd a subsidiary of Lycopodium Limited (ASX:LYL) for the provision of engineering services for the Feasibility Study. (Refer Note 25(a))

Final process design data is expected to be completed by end December 2017.

Project design parameters have been reviewed with a process throughput rate of 3.6 tonnes per hour locked down.

Feasibility Study planning parameters are as outlined below.

Key Metrics for Feasibility Study planning parameters

- Plant throughput rate of approximately 3.6 tph of lithium-mica concentrate, 29,000 tonnes per annum (tpa)*;
- Battery grade lithium carbonate equivalent (LCE) production of approximately 2,500 to 3,000 tpa at concentrate feed grades of 3.9% to 4.5% Li_2O*;
- Average targeted C1 Costs of nil or negative after by-product credits*;
- Average targeted C3 Costs in the US$1,000 to US$2,000/t range after by-product credits and amortisation of expected development and sustaining capital*;
- Estimated study costs of US$5 million and Development Capital Expenditure of US$35-40 million, including 20% contingency;
- By-products include sulphate of potash (SOP) and sodium silicate, and depending on the feed source also caesium and/or tantalum concentrate.

* The assumptions set out above contain reference to broad indicative plant operating parameters (Parameters) for the Feasibility Study which have been developed through scoping level work and subsequent PFS work. For the avoidance of doubt, investors are advised that the Parameters expected to be adopted for the Feasibility Study do not constitute a production forecast or target in relation to mineral resources associated with any project owned by the Company. The Company wishes to expressly clarify that any references in either this announcement or the PFS to annual production rates relate to scoping and planning parameters, and are not a production target. The Company cautions investors against using any statements made in either this Directors' Report or the PFS which may indicate or amount to the reporting of a production target or forecast financial information, as a basis for making any investment decisions about shares in the Company. The primary purpose of disclosing the Feasibility Study Parameters is to inform on the scope of work for the study and provide an estimate of the intended scale and nature of a potential future Phase 1 L-Max® Plant.

The Feasibility Study is planned to be completed in mid-2018, with project implementation commencing thereafter and first production in late 2019.

Lithium alliance with Avalon Advanced Materials Inc. (Separation Rapids Lithium Project)
In February 2017 Lepidico entered into a Letter of Intent (LOI) with Avalon Advanced Materials Inc. ("Avalon"), a TSX listed company, for an integrated lepidolite mining and lithium carbonate production partnership in Canada.

Avalon owns the Separation Rapids lithium deposit situated approximately 70km by road north of Kenora, Ontario. Samples from outcropping lepidolite-rich sub-zones to the east of the main Separation Rapids petalite resource were evaluated using L-Max® as part of the Phase 1 Plant PFS. Excellent results were achieved including the production of battery grade lithium carbonate of 99.88% purity.

The LOI contemplates that Avalon will sell a minimum of 15,000 tonnes per annum of lithium-mica concentrate produced from its planned demonstration-scale plant that is intended to be located in Kenora, to Lepidico for processing at the planned Phase 1 Plant.

In April 2017 Avalon undertook a 2,000 metre drilling program at Separation Rapids.

As at the date of this Report an updated Mineral Resource estimate was in the process of being estimated, which is planned for the first time to quantify grade according to lithium mineral type for each of the Resource domains.

Alvarrões Lepidolite Project ore access agreement
In March 2017, Lepidico signed a binding term sheet with Grupo Mota, owner and operator of the Alvarrões lepidolite mine, located near the city of Guarda in northeast Portugal.

Under the agreement Lepidico will spend a minimum of €250,000 on exploration and drilling over an 18-month exclusive period. Alvarrões represents a drill ready target with open pit mining of lepidolite bearing pegmatite having occurred over a strike length of more than 1km.

Drilling commenced at the Alvarrões project in May 2017. A planned 25 hole diamond drilling program is being implemented as the first stage of a resource definition program aimed at delineating an initial JORC Code compliant Mineral Resource estimate.

Lepidico is focusing its drilling program on a 1.5km long strike corridor, down dip from the two operating open pits of the Gonçalo Lepidolite Mine. The mineralisation occurs in a series of flat-lying pegmatite sills, up to three metres in thickness, hosted in the Guarda granite.

Following completion of the drilling program Lepidico aims to define an inaugural JORC Code compliant Mineral Resource estimate for Alvarrões. The results are expected to be incorporated as part of the Company's current Feasibility Study into a Phase 1 L-Max® Plant. Assuming continued positive results a follow up infill and extensional drill program will be required.

Metallurgical testwork on a 10kg sample of Alvarrões lepidolite pegmatite produced further excellent results, confirming the material's amenability to the L-Max® process. A lithium recovery of 94% was achieved for a concentrate grade of 3.70% Li_2O, suitable for feed to the planned Phase 1 Plant.

Pioneer Dome, PEG009 farm-in agreement (earning up to 75%)
In February 2017 Lepidico signed a farm-in agreement with Pioneer Resources Limited ("Pioneer"), an ASX listed company, for Lepidico to earn a 75% interest in the 'PEG009' lepidolite prospect located within Pioneer's Pioneer Dome project near Norseman in Western Australia.

Lepidico plans to farm into PEG009 via a drilling program to evaluate its lithium-mica resource potential, with the objective of delineating more than 500,000t grading at least 1.2% Li_2O.

Detailed mapping of the PEG009 area on a 1:100 scale was completed during June 2017. This work shows sub-cropping lepidolite pegmatite extending over a 400m x200m zone, significantly extending the previous strike estimate of approximately 200m.

This information will be used to optimise hole locations for the proposed maiden drilling program at the prospect, scheduled to commence later in the September 2017 quarter following receipt of the required permits. A drilling contractor has been engaged.

A Conservation Management Plan (CMP) for the PEG009 area has been submitted for regulatory approval which will culminate in the Department of Mines, Industry Regulation and Safety (DMIRS) being able to approve the Program of works application

Stage 1 farm-in: By 22 February 2018, Lepidico would commit to undertaking such work as to enable the delineation of a lepidolite-rich JORC Code-compliant Inferred Resource of at least 500,000t grading at least 1.2% Li_2O based on lepidolite content.

Stage 2 farm-in: By 22 February 2019, Lepidico is to delineate a lepidolite-rich JORC Code-compliant Indicated Resource of at least 500,000t grading at least 1.2% Li_2O based on lepidolite content to earn a 75% equity interest in the PEG009 Area.

If Lepidico fails to meet either the Stage 1 or Stage 2 requirements the agreement will terminate and Lepidico will not retain any rights in the PEG009 Area.

Pioneer Free-carried: On Lepidico earning a 75% interest by satisfying the Stage 2 requirements, Pioneer's 25% interest will be free-carried by Lepidico through to completion of a feasibility study resulting in a Decision to Mine.

Lemare Project, Quebec, Canada (earning up to 75%)
During the year the Group completed its first exploration program at the Lemare Project which comprises 158 claims encompassing 74km^2 in the Abitibi greenstone belt in the James Bay region of Quebec, Canada. Lemare is located approximately 60km east of the town of Nemaska and sits 30km east of the Whabouchi spodumene deposit owned by Nemaska Lithium. The program comprised 16 diamond drill holes, totalling 1,788m of NQ core, drilled into the Lemare pegmatite along 8 lines spaced a nominal 50m apart. The drilling confirmed the presence of a high-grade spodumene pegmatite that was initially identified by a series of channel samples. This pegmatite extends at least 300m along strike and remains open to the NE and down dip. It is up to 20m in true width and pinches and swells both along strike and down dip. The pegmatite is closed off to the SW where it approaches a lake.

Rock chip sampling along the projected extension of the pegmatite beyond the lake to the SW led to the discovery of a new zone of spodumene mineralisation over a 600m strike length. This zone, named Lemare West, remains open to the SW.

Grades of between 2% and 3% Li_2O (average of 10 samples is 2.3% Li_2O) were recorded from this new zone.

The second stage of drilling was completed in June 2017. This phase of exploration was confined to testing of the SW Extension, a 600m long prospective corridor of spodumene-bearing pegmatite. A total of 15 holes, for 1,527m of NQ core, were drilled on nominal 50m sections.

Multiple wide intercepts were returned from the SW Extension, confirming Lemare as a significant spodumene deposit, including:

33.7m @ 0.94% Li_2O, from 9.60m, in hole LE-17-29
18.0m @ 2.00% Li_2O, from 6.80m, in hole LE-17-30

Under the terms of the Lemare Option Agreement, the Company is earning up to a 75% interest in the Lemare project. To maintain its position, the Company had an initial requirement to spend C$800,000 on exploration by 31 August 2017 (extended from 31 December 2016 by agreement with CRE). With completion of the Stage 2 drilling program Lepidico has met this requirement.

To complete the earn-in to an initial 50% interest in the project, the Company is to fund a further C$1.2M of exploration and delineate a JORC Code compliant Minerals Resource by 31 August 2018. The Company can earn a further 25% interest by completing a feasibility study and an environmental study on Lemare by 30 June 2020 and by making a payment of C$2.5M (in cash or shares) to Critical Elements Corporation.

The next phase of work for the Lemare Spodumene Project will be developed following completion of a geological reinterpretation of the SW Extension in September 2017.

East Pilbara Polymetallic Project, WA (E45/3326; 51%) ("Gobbos")
The Company is actively seeking potential purchasers for the Gobbos Project, which is no longer a strategic fit for Lepidico, in light of its commitment to the development of its lithium assets Company.

CORPORATE ACTIVITIES

Following the development of the Company's strategy to become a lithium producer by the end of 2019 through the commercialisation of the Company's proprietary L-Max® technology the Company changed its name from Platypus Minerals Ltd to Lepidico Ltd following the Company's 2016 AGM.

In addition, the Company strengthened its Board and Management team. Mr Mark Rodda was appointed to the Board as a non-executive director on 24 August 2016. On 22 September 2016, the Company appointed Mr Julian (Joe) Walsh as Managing Director and Mr Tom Dukovcic as Exploration Director. On 30 September 2016, Mr Alex Neuling, principal of Erasmus Consulting, was appointed Joint Company Secretary and on 14 November 2016, Ms Shontel Norgate was appointed as Chief Financial Officer.

With the Company's change of direction Mr Rocco Tassone resigned as a Director on 1 September 2016.

Given the increasing global footprint of the Company and the selection of Sudbury as the preferred location of the Phase 1 L-Max® Plant, Mr Walsh relocated to Toronto during the year to establish a North American presence in Canada. An office will be established in Toronto and recruitment of key positions will commence during the current financial year to take the Company through the Feasibility Study, development and into operations.

During the year, the Company raised $3.7 million from its Entitlement Offer through participation in the pro-rata issue and unsolicited interest from existing shareholders to participate in a shortfall placement. The first phase of the Company's capital raising was a non-underwritten, non-renounceable 1 for 4 Entitlement Offer which raised $3.1 million at an issue price of 1.3 cents per share and closed on 12 April 2017. The second phase of the capital raising was the shortfall offer which raised a further $0.6million and closed on 14 May 2017.

During the year, Lithium Australia NL (LIT) lodged an Application with the Supreme Court of Western Australia (the "Proceedings") seeking declarations that:

- LIT's rights under certain agreements with Lepidico Ltd's (formerly Platypus Minerals Ltd) subsidiary, Li-Technology Pty Ltd, remain valid; and
- LIT has the ability to exploit its SiLeach™ process in light of those agreements.
- the Company subsequently lodged its Defence and a Counterclaim in relation to the Proceedings alleging that:
- the SiLeach™ process was developed, without authorisation, using the Group's intellectual property in the L-Max® technology and/or L-Max® confidential information disclosed to LIT; and
- that LIT has breached a number of clauses under a Licence Agreement entered into with a Lepidico subsidiary.

On 27 February 2017 Lepidico announced that in the best interests of its shareholders it had agreed to the declarations being sought by LIT in the Supreme Court action as the discovery process had provided the Company with the understanding it was seeking; namely, that Lepidico's L-Max® Intellectual Property rights did not appear to have been compromised.

On 2 March 2017 Lepidico received a Bidder's Statement from Lithium Australia NL ("LIT") outlining an unsolicited offer from LIT to acquire all the outstanding shares in Lepidico for 1 LIT share for every 13.25 Lepidico shares held. BDO Corporate Finance (WA) Pty Ltd were engaged as an Independent Expert and concluded that the takeover offer was neither fair nor reasonable to Lepidico shareholders and the Lepidico Directors unanimously recommended that shareholders REJECT the offer in its Target's Statement of 28 March 2017. The offer closed at midnight (AWST) on Monday, 19 June 2017 with acceptances for approximately 0.6% of Lepidico shares excluding the pre-bid agreement acceptances.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as mentioned in the Review of Operations, no significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

SUBSEQUENT EVENTS

- On 3 August 2017 the Company confirmed the appointment of Lycopodium Minerals Pty Ltd ("Lycopodium") for the provision of engineering services for the Company's Phase 1 L-Max® Plant Feasibility Study (the "Study"). Lycopodium elected to receive payment for its engineering services in Lepidico shares. The Company issued 45,000,000 new fully paid ordinary shares to Lycopodium. (Refer Note 25(a))
- On 18 August 2017 the Company signed a Binding Term Sheet with Maximus Resources Limited ("Maximus") under which Lepidico can earn a 75% interest in Maximus' lithium rights in the Spargoville Project ("Moriarty Lithium Project"). The Company issued 6,333,432 fully paid ordinary shares to Maximus as the initial payment (Refer Note 25(b))

- On 5 September 2017 the Company issued 52,195,175 fully paid ordinary shares to Bacchus Capital Advisors at an issue price of $0.0143 per share for the corporate advice provided during the Company's takeover defence which under the terms of the engagement Bachhus Capital elected to receive the majority of its fee in Lepidico shares. (Refer Note 25(c))

Other than the matters discussed above there are no other matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

(a) the Consolidated Entity's operations in future years, or
(b) the results of those operations in future financial years, or
(c) the Consolidated Entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS ON OPERATIONS

The Company plans to continue to implement its strategy of becoming a lithium producer by the end of 2019 through the commercialisation of its proprietary L-Max® technology and the ongoing growth, exploration and development of its portfolio of lithium interests.

The nature of the Company's business remains speculative and the Board considers that comments on expected results or success of this strategy are not considered appropriate or in the best interests of the Company.

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF LEPIDICO

As at the date of this report, the notifiable interests held directly and through related bodies corporate or associates of the Directors in shares and options of Lepidico are:

	Number of fully paid ordinary shares	Number of options
Mr Gary Johnson	349,680,293	12,500,000
Mr Joe Walsh	7,500,000	52,500,000
Mr Tom Dukovcic	3,951,668	23,500,000
Mr Mark Rodda	-	12,500,000
	361,131,961	101,000,000

REMUNERATION REPORT (AUDITED)

This remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service Agreements
D. Share Based Compensation

This remuneration report outlines the Director and Executive remuneration arrangements for the Company and Group in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations. For this report, key management personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Company, and includes the highest paid executives of the Company and Group.

The information provided in this remuneration report has been audited as required by section 308(3c) of the *Corporations Act 2001.*

A. Principles Used To Determine The Nature And Amount Of Remuneration

The Company's remuneration policy is designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering incentives based on the Group's financial results. A Remuneration Committee has been established which makes recommendations to the Board which aims to attract and retain appropriate executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Remuneration Committee considers remuneration of Directors and the Executive and makes recommendations to the Board. Remuneration is considered annually or otherwise as required.

The nature and amount of remuneration for an executive and non-executive director depends on the nature of the role and market rates for the position, which are determined with the assistance of external advisors (where necessary), surveys and reports, taking into account the experience and qualifications of each individual. The Board ensures that the remuneration paid to KMP is competitive and reasonable.

The following were KMP of the Group during the financial year and unless otherwise indicated were KMP for the entire financial year:

Non-Executive Directors

Mr Gary Johnson	Non-executive Chairman
Mr Mark Rodda	Non-executive Director (appointed 24 August 2016)

Executive Directors

Mr Joe Walsh	Managing Director (appointed 22 September 2016)
Mr Tom Dukovcic	Director Exploration

Executives

Ms Shontel Norgate	Chief Financial Officer (appointed 14 November 2016)

Mr Alex Neuling, Joint Company Secretary, is not employed or remunerated directly by Lepidico Ltd. Eramus Consulting, a controlled body corporate received fees of $57,542 (2016: Nil)
No remuneration was paid to Directors of the Group by Group companies other than Lepidico Ltd, accordingly remuneration paid to key management personnel of the Group is the same as that paid to key management personnel of the Company.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Directors have resolved that cash based directors' fees for Non-Executive Directors are $60,000 - $80,000 per annum for each Non-Executive Director. The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable companies) which reflect the demands made and the responsibilities placed on the Non-Executive Directors. Fees for Non-Executive Directors are not linked to the performance of the Company however, to align Directors' interests with shareholders' interests are encouraged to hold equity securities in the Company. Non-executive Directors are also entitled to participate in the Company long term incentive plan (refer "Long Term Incentives ("LTIs") below).

In addition to Directors' fees, Non-Executive Directors are entitled to additional remuneration as compensation for additional specialised services performed at the request of the Board and reimbursed for reasonable expense incurred by directors on Company business. Non-Executive Directors' fees and payments are reviewed annually by the Board.

Retirement benefits

No retirement benefits or allowances are paid or payable to Non-Executive Directors of the Company other than superannuation benefits.

Other benefits

No motor vehicle, health insurance or other similar allowances are made available to Non-Executive Directors.

Executive Director and Executive Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The remuneration framework aligns executive reward with the achievement of strategic and operational objectives and the creation of wealth for shareholders. The Board ensures that the executive reward framework satisfies the following key criteria in line with appropriate governance practices:

- attract, retain, motivate and reward executives;
- reward executives for Company and individual performance against pre-determined targets/benchmarks;
- link rewards with the strategic goals and performance of the Company;
- provide competitive remuneration arrangements by market standards (for comparable companies);
- align executive interests with those of the Company's shareholders; and
- comply with applicable legal requirements and appropriate standards of governance.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Executive remuneration packages may comprise a mix of the following

Fixed remuneration

Fixed remuneration comprises base salary and employer superannuation contributions. Salaries are reviewed on an annual basis to ensure competitive remuneration is paid to executives with reference to their role, responsibility, experience and performance. Salaries are reviewed on an annual basis. There are no guaranteed base pay increases included in any executive contracts.

Short-term incentives ("STIs")

STIs comprise cash bonuses. The STIs are structured to provide remuneration for the achievement of individual and Company performance targets linked to the Company's strategic objectives across four areas of focus: Development, Exploration, Financing/Shareholder Value and Governance. At the beginning of each year, performance targets are set by the Board. Where possible, the performance targets are specific and measurable. At the end of each year the Company's performance against the KPIs are assessed by the CEO and presented to the N&R Committee and approved by the Board. STIs may be adjusted up or down in line with under or over achievement relative to target performance levels at the discretion of the Remuneration Committee.

During the year the Company achieved significant milestones with the completion of the Pre-Feasibility Study for the Phase 1 L-Max® Plant and securing feedstock sources through its arrangements with Avalon Advanced Materials, Pioneer Resources and the Alvarroes Ore Access Agreement. The Company successfully raised $3.7 million through an Entitlement Offer and implemented appropriate governance policies which are available on the Company's website. The Company's takeover response was effectively managed.

For the year ended 30 June 2017, $121,723 (inclusive of superannuation) were paid or payable to KMP of the Company or Group (2016: Nil)

Long term incentives ("LTIs")

LTIs comprise options granted at the recommendation of the Remuneration Committee in order to align the objective of Directors and Executives with shareholders and the Company (refer section D for further information). The issue of options to Directors (Non-Executive and Executive) requires shareholder approval.

The grant of share options has not been directly linked to previously determined performance milestones or hurdles as the current stage of the Group's activities makes it difficult to determine effective and appropriate key performance indicators and milestones.

Persons granted options are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit his or her exposure to the economic risk in relation to the securities.

Consequences of Performance on Shareholder Wealth

Executive remuneration is aimed at aligning the strategic and business objectives with the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last 5 years as required by the *Corporations Act 2001.* However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2013 $	2014 $	2015 $	2016 $	2017 $
Net Profit/(Loss)	(2,418,120)	(3,615,617)	(1,044,346)	(2,263,225)	(5,357,243)
EPS	(0.002)	(0.001)	(0.006)	(0.005)	(0.003)
Share price at 30 June	0.002	0.001	0.010	0.017	0.013

B. Details Of Remuneration

Amounts of remuneration

Details of the remuneration of the directors and Key Management Personnel of the Group are set out in the following tables:

		Short-term Benefits		Post-employment benefits	Share-based payments Equity Options	Total
		Cash Salary and Fees $	Other $	Superannuation Benefits $	Vested $	$
Non-Executive Directors						
Mr Gary Johnson(1)	2017	81,410	-	7,734	112,500	201,644
	2016	3,462	-	328	-	3,790
Mr Mark Rodda(2)	2017	51,154	-	4,860	112,500	168,514
	2016	-	-	-	-	-
Mr Laurie Ziatas(3)	2017	-	-	-	-	-
	2016	124,275	-	712	20,000	144,987
Mr Rocco Tassone(4)	2017	-	-	-	-	-
	2016	43,800	-	-	100,000	143,800
Executive Directors						
Mr Joe Walsh(5)	2017	170,285	54,144	21,321	112,500	358,250
	2016	-	-	-	-	-
Mr Tom Dukovcic	2017	157,534	31,963	18,003	112,500	320,000
	2016	151,107	-	14,355	20,000	185,462
Executives						
Ms Shontel Norgate(6)	2017	126,666	25,055	14,413	75,000	241,134
	2016	-	-	-	-	-
Total Directors' and KMP remuneration	**2017**	**587,049**	**111,162**	**66,331**	**525,000**	**1,289,542**
	2016	**322,644**	**-**	**15,395**	**140,000**	**478,039**

(1) Mr Gary Johnson was appointed Chairman 9 June 2016
(2) Mr Rodda was appointed on 24 August 2016
(3) Mr Lauri Ziatas resigned on 9 June 2016
(4) Mr Rocco Tassone resigned on 1 September 2016 but received no remuneration for the financial year ended 30 June 2017
(5) Mr Joe Walsh was appointed Managing Director on 22 September 2016
(6) Ms Shontel Norgate was appointed CFO on 14 November 2016

Loans to Key Management Personnel

There were no loans made to Directors or other KMP of the Group (or their personally related entities) during the current financial period.

Other Transactions with Key Management Personnel

	2017	2016
	$	$
Payments to director-related entities(1)	1,072,521	92,062

(1) Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were for development of L-Max® technology on an arm's length basis. As at 30 June 2017 invoices totalling $108,044 are payable.

During the year 40,000,000 options were issued to Alchemy Advisors Pty Ltd, an entity controlled by Mr Joe Walsh in satisfaction of consulting services provided. Neither Alchemy Advisors Pty Ltd, nor Mr Joe Walsh was a related party of the Company at the time the options were issued.

C. Service Agreements

The remuneration and other terms of agreement for the Company's Managing Director and other KMP are formalised in employment contracts, as set out below.

Mr Joe Walsh, Managing Director ("MD") has an employment agreement effective from 22 September 2016 with the Company. The agreement specifies duties and obligations to be fulfilled as MD and provides for an annual review of base remuneration taking into account performance. Mr Walsh's remuneration includes a salary of $240,000 per annum inclusive of superannuation. Mr Walsh did not receive an increase to base salary during the reporting period. A monetary bonus of $59,288 (inclusive of superannuation) has been awarded.

Termination of the employment agreement requires 6 months written notice. Upon termination, the MD is entitled to receive from the Company all payments owed to him under the employment agreement up to and including the date of termination and any payments due to him pursuant to any relevant legislation by way of accrued annual leave and long service leave. If the Company terminates the agreement for any reason other than for cause the MD will receive 1 month's salary at the time of termination for every year of employment with the Company to a maximum of 6 months' payment (extendable up to 12 months under certain prescribed events).

Mr Tom Dukovcic, Director Exploration ("DE") has an employment agreement effective from 22 September 2016 with the Company. The agreement specifies duties and obligations to be fulfilled as DE and provides for an annual review of base remuneration taking into account performance. Mr Dukovcic's remuneration includes a salary of $175,000 per annum inclusive of superannuation. The DE received an increase to base salary of $43,600 inclusive of superannuation during the reporting period to reflect the increased level of complexity within the Company following the acquisition of the L-Max® technology. A monetary bonus of $35,000 (inclusive of superannuation) has been awarded.

Termination of the employment agreement requires 6 months written notice. Upon termination, the DE is entitled to receive from the Company all payments owed to him under the employment agreement up to and including the date of termination and any payments due to him pursuant to any relevant legislation by way of accrued annual leave and long service leave. If the Company terminates the agreement for any reason other than for cause the DE will receive 1 month's salary at the time of termination for every year of employment with the Company to a maximum of 6 months' payment (extendable up to 12 months under certain prescribed events).

Ms Shontel Norgate, Chief Financial Officer ("CFO") has an employment agreement effective from 14 November 2016 with the Company. The agreement specifies duties and obligations to be fulfilled as CFO and provides for an annual review of base remuneration taking into account performance. Ms Norgate's remuneration includes a salary of $219,000 per annum inclusive of superannuation. Ms Norgate did not receive an increase to base salary during the reporting period. A monetary bonus of $27,435 (inclusive of superannuation) has been awarded.

Termination of the employment agreement requires 3 months written notice. Upon termination, the CFO is entitled to receive from the Company all payments owed to her under the employment agreement up to and including the date of termination and any payments due to her pursuant to any relevant legislation by way of accrued annual leave and long service leave. If the Company terminates the agreement for any reason other than for cause the CFO will receive 1 month's salary at the time of termination for every year of employment with the Company to a maximum of 6 months' payment (extendable up to 12 months under certain prescribed events).

D. Share Based Compensation

Share Holdings

The number of shares and options over ordinary shares in the Group held during the financial period by each director of Lepidico Ltd and other KMP of the Group, including their personally related parties, are set out below:

2017	Balance at start of year	Purchased/ Exercised Options	Net Other Change	Balance at end of year
Non-Executive Directors				
Mr Gary Johnson	253,526,448	46,153,845	[1] 50,000,000	349,680,293
Mr Mark Rodda	-	-	-	-
Executive Directors				
Mr Joe Walsh	-	7,500,000	-	7,500,000
Mr Tom Dukovcic	3,161,334	790,334	-	3,951,668
Executives				
Ms Shontel Norgate	-	-	-	-
Total	256,687,782	54,444,179	50,000,000	361,131,961

[1] Shares controlled by Strategic Metallurgy under a voting agreement dated 15 March 2017.

Option Holdings

2017	Balance at start of year	Granted during the year as remuneration	Exercised/ Expired during year	Net other change	Balance at end of year	* Vested and exercisable at end of year
Non-Executive Directors						
Mr Gary Johnson	-	12,500,000	-	-	12,500,000	12,500,000
Mr Mark Rodda	-	12,500,000	-	-	12,500,000	12,500,000
Executive Directors						
Mr Joe Walsh	-	12,500,000	-	[1]40,000,000	52,500,000	52,500,000
Mr Tom Dukovcic	11,077,500	12,500,000	(77,500)	-	23,500,000	23,500,000
Executives						
Ms Shontel Norgate	-	12,500,000	-	-	12,500,000	6,250,000
Total	11,077,501	62,500,000	(77,500)	40,000,000	113,500,000	107,250,000

[1] 40,000,000 options issued as compensation for consultancy work completed prior to becoming an Executive Director

Details of the share options granted during the year as remuneration are disclosed in Note 16(c) as approved by shareholders at the Company's Annual General Meeting in November 2016.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2017, and the number of meetings attended by each director.

	Full Board Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Mr Gary Johnson	10	10	1	1	1	1
Mr Joe Walsh	6	6	-	-	-	-
Mr Tom Dukovcic	10	10	-	-	-	-
Mr Mark Rodda	7	7	1	1	1	1
Mr Rocco Tassone	3	3	-	-	-	-

INSURANCE AND INDEMNITY OF OFFICERS AND AUDITORS

During the year, the Company paid a premium in respect of a contract insuring the directors of the Company (named above) and the Company Secretaries against liabilities incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001* (Cth). The contact of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

OPTIONS

At the date of this report, the Company has the following options on issue:

Number	Exercise Price	Grant	Expiry
27,750,000	$0.03000	5 December 2014	30 September 2017
40,000,000	$0.01815	25 July 2016	3 August 2018
9,000,000	$0.01000	7 December 2015	31 December 2018
50,000,000	$0.02500	25 November 2016	31 December 2019
25,000,000	$0.02500	30 November 2016	31 December 2019
151,750,000			

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001*(Cth) for the year ended 30 June 2017 is included on page 20 of the Directors' Report.

The Auditor did not provide any non-audit services for the year ended 30 June 2017 (2016: $6,000)

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 18th day of September 2017

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

I declare that to the best of my knowledge and belief, for the year ended 30 June 2017 there has been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Suan-Lee Tan	**Moore Stephens**
Partner	chartered accountants

Signed at Perth this 18th day of September 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

as at 30 June 2017

	Note	2017 $	2016 $
Revenue	3	126,548	115,836
Other income	3	127,573	8,041
		254,121	123,877
Business development expenses		(325,214)	(21,500)
Administrative expenses	4	(1,753,598)	(678,885)
Employment benefits		(912,444)	(338,039)
Depreciation		(6,098)	(6,161)
Share based payments		(1,736,391)	(40,000)
Exploration and evaluation expenditure expensed		(877,619)	(415,004)
Impairment of Available for Sale asset		-	(887,513)
Loss before income tax		(5,357,243)	(2,263,225)
Income tax expense	5	-	-
Loss from continuing operations		(5,357,243)	(2,263,225)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the Group		**(5,357,243)**	**(2,263,225)**

Loss per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted loss per share	7	(0.003)	(0.005)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	3,307,337	650,260
Trade and other receivables	9	619,497	3,870,273
TOTAL CURRENT ASSETS		3,926,834	4,520,533
NON-CURRENT ASSETS			
Trade and other receivables	9	86,003	16,003
Property, plant and equipment	10	7,732	3,743
Exploration and evaluation expenditure	11	1,619,842	614,797
Intangible asset	12	16,698,154	16,203,762
Available for sale financial assets	13	-	100,000
TOTAL NON-CURRENT ASSETS		18,411,731	16,938,305
TOTAL ASSETS		22,338,565	21,458,838
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,662,855	624,516
Short-term provisions	15	45,797	22,294
TOTAL CURRENT LIABILITIES		1,708,652	646,810
TOTAL LIABILITIES		1,708,652	646,810
NET ASSETS		**20,629,913**	**20,812,028**
EQUITY			
Issued capital	16	31,491,798	27,274,170
Reserves	17	1,513,250	555,750
Accumulated losses		(12,375,135)	(7,017,892)
TOTAL EQUITY		**20,629,913**	**20,812,028**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year ended 30 June 2017

	Issued Capital Number of shares	Issued Capital Amount $	Accumulated Losses $	Options Reserve $	Total $
Balance at 30 June 2015	205,674,301	5,630,642	(4,754,667)	415,750	**1,291,725**
Loss for the year	-	-	(2,263,225)	-	**(2,263,225)**
Options issued during the year	-	-	-	140,000	**140,000**
Shares issued during the year	1,523,769,472	21,643,528	-	-	**21,643,528**
Balance at 30 June 2016	**1,729,443,773**	**27,274,170**	**(7,017,892)**	**555,750**	**20,812,028**
Loss for the year	-	-	(5,357,243)	-	**(5,357,243)**
Options issued during the year	-	-	-	990,000	**990,000**
Transfer of value on exercise of options	-	32,500	-	(32,500)	**-**
Shares issued during the year	306,534,292	4,185,128	-	-	**4,185,128**
Balance at 30 June 2017	**2,035,978,065**	**31,491,798**	**(12,375,135)**	**1,513,250**	**20,629,913**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from external parties		130,234	19,649
Payments to suppliers and employees		(2,837,046)	(801,193)
Interest received		37,082	8,041
Net cash used in operating activities	21	(2,669,730)	(773,503)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation activities		(974,145)	(259,684)
Payments for research and development activities		(1,204,339)	(62,025)
Proceeds from research and development tax credit		353,506	-
Payments for property, plant and equipment		(10,088)	(1,000)
Payments for available for sale assets		-	(80,000)
Proceeds from sale of available for sale assets		122,286	-
Net cash on acquisition of Lepidico Ltd		-	31,581
Net cash used in investing activities		(1,712,780)	(371,128)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of costs)		7,011,826	1,872,079
Proceeds from exercise of options		27,761	-
Proceeds of borrowings		-	55,000
Repayment of borrowings		-	(169,657)
Net cash provided by financing activities		7,039,587	1,757,422
Net increase in cash held		2,657,077	612,791
Cash at beginning of financial year		650,260	37,469
Cash at end of financial year	8	**3,307,337**	**650,260**

NOTES TO THE FINANCIAL STATEMENTS

for the Year ended 30 June 2017

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 ("the Group"or "Consolidated Entity" or "Economic Entity"). 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.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements were authorised for issue on 18 September 2017 by the Directors of the Company. The Directors have the power to amend and re-issue the financial report. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Accounting Policies

(a) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of $5,357,243 for the year to 30 June 2017 and had a net cash outflow from operations of $2,669,730 for the year. Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate based upon the available net current assets of $2,218,182 as at 30 June 2017 and the matters described below.

The ability of the Group to continue as a going concern is dependent on the Group being able to raise additional funds as required to meet ongoing exploration and development programs and for working capital. The Directors believe that the Group will be able to raise additional capital as required based on capital raised during the year and ongoing interest in the Company and the lithium industry generally. However, should the Group be unsuccessful in undertaking additional raisings, these conditions may cast significant doubt on the entity's ability to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent (Lepidico Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 2.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Note 1: Statement of Significant Accounting Policies (contnued)

(c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(d) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;
ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss. The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method).

In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination. Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of. Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Note 1: Statement of Significant Accounting Policies (contnued)

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 1: Statement of Significant Accounting Policies (contnued)

(g) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Note 1: Statement of Significant Accounting Policies (contnued)

(i) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the consolidated statement of comprehensive income.

(j) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Note 1: Statement of Significant Accounting Policies (contnued)

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that Entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

(i) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
(ii) income and expenses are translated at average exchange rates for the period; and
(iii) retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(l) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Note 1: Statement of Significant Accounting Policies (contnued)

(o) Revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The following key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Recoverability of Exploration and Evaluation Expenditure

The recoverability of the exploration and evaluation expenditure recognised as a non-current asset is dependent upon the successful development, or alternatively sale, of the respective tenements which comprise the assets.

(ii) Recoverability of Intangible Asset (Development Expenditure)

The recoverability of capitalised development expenditure recognised as a non-current asset is dependent upon the successful development, or alternatively sale, of the respective intellectual property which comprise the assets. Refer to Note 12 for details of how the development expenditure has been valued.

(iii) Share based payment transactions

The fair value of any options issued as remuneration is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information (if any)), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Note 1: Statement of Significant Accounting Policies (contnued)

(r) Intangibles Assets – Intellectual Property Development Expenditure

Such assets are recognised at cost of acquisition. Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributed to the intangible asset during its development.

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

(s) New and Amended Accounting Policies Adopted by the Group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(t) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards
(applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the Group elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 should not have a material impact on the Group's financial instruments.

Note 1: Statement of Significant Accounting Policies (contnued)

AASB 15: Revenue from Contracts with Customers
(applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

(i) identify the contract(s) with a customer;
(ii) identify the performance obligations in the contract(s);
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract(s); and
(v) recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Tthe directors anticipate that the adoption of AASB 15 should not have a material impact on the Group's financial statements.

AASB 16: Leases
(applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are 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 less 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 and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 1: Statement of Significant Accounting Policies (contnued)

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
(applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: Business Combinations to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 July 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impractical at this stage to provide a reasonable estimate of such impact.

(u) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation in the current financial year.

Note 2: Controlled Entities
The legal corporate structure of the Consolidated Entity is set out below:

	Country of Incorporation	Interest as at 30 June (%)		Principal Activity
		2017	2016	
Parent Entity:				
Lepidico Ltd	Australia			
Subsidiaries of Lepidico Ltd:				
Ashburton Gold Mines NL	Australia	100	100	Dormant
Trans Pacific Gold Pty Ltd	Australia	100	100	Dormant
Transdrill Pty Ltd	Australia	100	100	Dormant
Southern Pioneer Ltd	Australia	100	100	Interest in Gobbos Tenement
Platypus Resources Ltd	Australia	100	100	Dormant
Lepidico Holdings Pty Ltd	Australia	100	100	Lithium Exploration and Investment
Li Technology Pty Ltd	Australia	100	100	Holder of L-Max® Technology
Mica Exploration Pty Ltd	Australia	100	100	Lithium Exploration

Note 3: Revenue

	2017 $	2016 $
Operating activities	126,548	115,836
Revenue	**126,548**	**115,836**
Other activities		
Interest	37,673	8,041
Profit on sale of available for sale financial assets	22,287	-
Break fee for sale of exploration tenement	66,364	-
Other	1,249	-
Other Income	**127,573**	**8,041**

Note 4: Administrative Expenses

	2017 $	2016 $
Office & general	236,626	159,319
Professional services	322,171	358,571
Compliance related	181,576	128,884
Travel	222,195	32,111
	962,568	678,885
Other Significant Administrative Expenses		
The following significant expenses were incurred during the period and impacted the financial performance:		
Legal Costs associated with settled dispute	162,892	-
Takeover Response	628,138	-
Total Administrative Expenses	**1,753,598**	**678,885**

Note 5: Income Tax Expense

		2017 $	2016 $
(a)	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
	Losses recouped not previously recognised	-	-
	Income tax expense reported in statement of comprehensive income	-	-
(b)	The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2016: 30%)	(1,473,242)	(678,968)
	Add tax effect of:		
	- Losses not recognised	-	281,575
	- Deferred tax balances not recognised	882,406	162,889
	- Share based payments	477,508	6,000
	- Foreign Expenditure	45,304	-
	- Exploration expenditure written off	61,376	108,810
	- Other non-allowable items	6,648	119,694
		-	-
	Less tax effect of:		
	- Deferred tax balances not recognised	-	-
	- Losses recouped not previously recognised	-	-
	Income tax expense reported in statement of comprehensive income	-	-
(c)	Deferred tax recognised:		
	Deferred Tax Liabilities:		
	Exploration expenditure	(9,994)	(145,590)
	L-Max® Technology	(239,392)	-
	Deferred Tax Assets:		
	Carry forward revenue losses	249,386	145,590
	Net deferred tax	-	-
(d)	Unrecognised deferred tax assets:		
	Carry forward revenue losses	4,289,830	4,146,613
	Carry forward capital losses	268,663	1,332,477
	Capital raising and other costs	217,230	170,931
	Unlisted investments	-	600
	Provision and accruals	20,632	276,088
		4,796,355	5,926,709

(e) Tax consolidation:
Lepidico Ltd and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2014. Lepidico Ltd is the head entity of the tax consolidated group.

The tax benefits of the above Deferred Tax Assets will only be obtained if:

a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b) the Company continues to comply with the conditions for deductibility imposed by law; and
c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 6: Auditor's Remuneration

	2017 $	2016 $
Audit services	36,500	41,000
Taxation and other services	-	6,000
	36,500	47,000

Note 7: Earnings per Share
The calculation of basic profit or loss per share for each year was based on the profit or loss attributable to ordinary shareholders and using a weighted average number of ordinary shares outstanding during the year. The Company's potential ordinary shares were not considered dilutive as the Company is in a loss position.

	2017 $	2016 $
Loss attributable to the ordinary equity holders of the Company	0.003	0.005
	$	**$**
Loss from continuing operations	5,357,243	2,263,225
	No.	**No.**
Weighted average number of ordinary shares	1,801,689,967	465,336,155

Note 8: Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank and in hand	3,307,337	650,260
	3,307,337	650,260

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23

Note 9: Trade and Other Receivables

	2017 $	2016 $
Current		
Trade receivables	28,313	32,000
Prepaid expenses	41,417	3,045
R&D tax rebate receivable	467,718	106,790
Goods and services tax receivable	81,458	68,614
Other receivables	591	3,659,824
Total Current Trade and Other Receivables	**619,497**	**3,870,273**
Non-Current		
Cash backed guarantees	86,003	16,003
Total Non-Current Trade and Other Receivables	**86,003**	**16,003**
Total Trade and Other Receivables	**705,500**	**3,886,276**

Note 10: Property, Plant and Equipment

	2017 $	2016 $
Furniture, Fittings and Equipment		
At cost		
Opening Balance	75,841	74,841
Additions	10,088	1,000
Disposals	(5,875)	-
Closing Balance	80,054	75,841
Accumulated depreciation		
Opening Balance	72,098	65,937
Depreciation	6,098	6,161
Disposals	(5,874)	-
Closing Balance	72,322	72,098
Net Book Value	**7,732**	**3,743**

Note 11: Exploration and Evaluation Expenditure

	2017 $	2016 $
Exploration expenditure	1,619,842	614,797

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.

	2017 $	2016 $
Reconciliation of movements during the year:		
Balance at the beginning of year	614,797	667,770
Exploration and evaluation costs recognised on acquisition	-	50,312
Exploration and evaluation costs capitalised	1,882,664	311,719
Exploration and evaluation costs written off	(877,619)	(415,004)
Balance at the end of the year	**1,619,842**	**614,797**

Note 12: Intangible asset

	2017 $	2016 $
L-Max® Technology	16,698,154	16,203,762

The Group acquired the L-Max® Technology as part of the 100% acquisition of Lepidico Holdings Pty Ltd (formerly Lepidico Ltd) on 30 May 2016. The consideration for the acquisition was the issue of 750,000,000 shares in the Company based on the share price at the date of acquisition. The fair value of the technology was deemed to be the excess consideration paid over the carrying value of the net tangible assets acquired. Any change in the market value of the Company's shares had an impact on the value of the consideration paid, and therefore the value attributable to the technology acquired. The value of the technology therefore represented a critical accounting estimate for the year ended 30 June 2016.

The recoverability of the carrying amount of the L-Max® Technology is dependent of the successful development and commercial exploitation or sale of the asset.

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

	2017 $	2016 $
Reconciliation of movements during the year:		
Balance at the beginning of year	16,203,762	-
Fair value recognised on acquisition	-	16,141,737
Development costs capitalised	1,246,891	62,025
Research and Development Tax Credit received/receivable	(752,499)	-
Balance at the end of the year	**16,698,154**	**16,203,762**

Note 13: Available for Sale Financial Assets

	2017 $	2016 $
Investments in listed companies	-	100,000

	2017 $	2016 $
Reconciliation of movements during the year:		
Balance at the beginning of year	100,000	807,513
Shareholder payments to Minera Chanape (at cost)	-	80,000
Additions	-	100,000
Sale of investment in listed companies	(100,000)	-
Impairment	-	(887,513)
Balance at the end of the year	**-**	**100,000**

Note 14: Trade and Other Payables

	2017 $	2016 $
Current		
Trade payables	406,356	292,311
Sundry payables and accrued expenses	1,256,499	332,205
Total Current Trade and Other Payables	**1,662,855**	**624,516**

Note 15: Provisions

	2017 $	2016 $
Current		
Employee Provisions	45,797	22,294

	2017 $	2016 $
Reconciliation of movements during the year:		
Balance at the beginning of year	22,294	40,080
Additional provisions	44,490	36,692
Provisions used	(20,987)	(54,478)
Balance at the end of the year	**45,797**	**22,294**

Note 16: Contributed Equity

a) Share capital

	2017		2016	
	Number	$	Number	$
Fully paid ordinary shares	2,035,978,065	33,999,124	1,729,443,773	29,703,143
Share Issue Costs		(2,507,326)		(2,428,973)
		31,491,798		27,274,170

Ordinary shares have the right to receive dividends and, in the event of winding-up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Movements in ordinary share capital

Description	Date	Number of shares	Issue Price	$
Opening Balance	1 July 2016	1,729,443,773		27,274,170
Exercise of options	6 July 2016	2,500,000	$0.01	25,000
Fair value of options exercised	6 July 2016			32,500
Shares issued under Lemare Option Agreement	25 July 2016	18,514,939	$0.028355	524,991
Options exercised	25 November 2016	38,234	$0.035	1,339
Options exercised	2 December 2016	40,645	$0.035	1,423
Entitlement Offer	20 April 2017	238,659,066	$0.013	3,102,569
Shortfall Allotment	15 May 2017	46,781,408	$0.013	608,159
Less: Transaction Costs				(78,353)
Closing Balance	30 June 2017	2,035,978,065		31,491,798

b) Share options

As at reporting date, Lepidico has the following options on issue:

Number	Exercise Price	Grant	Expiry
27,750,000	$0.03	5 December 2014	30 September 2017
40,000,000	$0.01815	4 August 2016	3 August 2018
9,000,000	$0.01	7 December 2015	31 December 2018
50,000,000	$0.025	25 November 2016	31 December 2019
25,000,000	$0.025	30 November 2016	31 December 2019

Options carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Group's existing fully paid ordinary shares.

Movements in Options

	Number	Weighted Average Exercise Price $
Balance at 1 July 2015	53,198,523	0.032
Granted	74,500,000	0.011
Exercised	(61,135,707)	0.010
Balance at 30 June 2016	66,562,816	0.028
Granted	115,000,000	0.023
Exercised	(2,578,879)	0.011
Expired	(27,233,937)	0.034
Balance at 30 June 2017	151,750,000	0.023

c) Share Based Payments

On 25 July 2016, the Group issued 18,514,939 Ordinary Shares to Critical Elements Corporation as per the terms of the Lemare Option Agreement announced on 6 May 2016. The shares equated to C$500,000 at a C$:A$ exchange rate of 0.9524 at the 5 day VWAP post 31 May 2016 of 2.8355 cents per Ordinary Share.

On 4 August 2016, the Group issued 40,000,000 options (valued at $0.008) to Alchemy Advisors Pty Ltd, a controlled body corporate of Mr Joe Walsh as compensation for consultancy work completed prior to becoming an Executive Director. The options were valued using Black Scholes with the following assumptions:

	Unlisted Options
Number of options	40,000,000
Grant date share price	$0.015
Exercise price	$0.0185
Expected volatility	109%
Option life	2 years
Dividend yield	0.00%
Interest Rate	1.96%

On 25 November 2016, options (valued at $0.009) were issued to Directors and were valued using Black Scholes with the following assumptions:

	Unlisted Options
Number of options in series	50,000,000
Grant date share price	$0.015
Exercise price	$0.025
Expected volatility	109%
Option life	3 years
Dividend yield	0.00%
Interest Rate	1.96%

On 30 November 2016, options (valued at $0.009) were issued to employees and were valued using Black Scholes with the following assumptions:

	Unlisted Options
Number of options in series	25,000,000
Grant date share price	$0.015
Exercise price	$0.025
Expected volatility	109%
Option life	3 years
Dividend yield	0.00%
Interest Rate	1.96%

Issue of shares to Bacchus Capital Advisers

At balance date, the Company had accrued $746,391 in corporate advisory fees payable to Bacchus Capital Advisors which were incurred during the Company's takeover defence. Under the terms of engagement, Bacchus Capital had elected to receive these fees in Lepidico shares. As detailed in Note 25(c), the Company has subsequently issued 52,195,175 fully paid ordinary shares to Bacchus Capital at an issue price of $0.0143 to settle this liability.

Note 17: Reserves

	2017 $	2016 $
Opening Balance	555,750	415,750
Option expense for the year	990,000	140,000
Transfer of value on exercise of options	(32,500)	-
Closing Balance	**1,513,250**	**555,750**

Note 18: Contingent Liabilities and Contingent Assets

The Company is involved in a dispute with two individuals who are alleging that they are employees of the Company and that the Company has not complied with the terms of their employment contracts. The Directors believe that the claims have no merit and it is unlikely that the two claimants will succeed in their action and, on consideration of their claims, the Directors believe to disclose further detail relating to the claims being made against the Company would be clearly prejudicial to the interests of the Company.

There are no other contingent liabilities as at 30 June 2017.

Note 19: Segment reporting

Reportable Segments

Following the acquisition of the L-Max® Technology as part of the 100% acquisition of Lepidico Holdings Pty Ltd (formerly Lepidico Ltd) on 30 May 2016 the Group has operated two reportable segments, being mineral exploration and development of its L-Max® technology, which reflects the structure used by the Group's management to assess the performance of the Group. Prior period comparatives have been restated to reflect the Group's current structure.

	Mineral Exploration	Technology	Corporate & Unallocated items	Total
	$	$	$	$
(i) Segment performance				
Year ended 30 June 2017				
Revenue	66,364	126,548	61,209	254,121
Total Profit/(Loss)	(812,935)	(86,290)	(4,458,018)	(5,357,243)
Year ended 30 June 2016				
Revenue	100,000	-	23,877	123,877
Total Profit/(Loss)	(1,202,516)	-	(1,060,709)	(2,263,225)
(ii) Segment assets				
As at 30 June 2017	1,619,842	16,698,154	4,020,569	22,338,565
As at 30 June 2016	614,797	16,203,762	4,640,279	21,458,838

Geographical Information

	2017	2016
	$	$
Australia	254,121	123,877
Total Revenue	**254,121**	**123,877**
Australia	5,357,243	1,083,012
Peru	-	1,180,213
Total Loss	**5,357,243**	**2,263,225**
Australia	20,755,063	21,408,526
Canada	1,414,968	50,312
Portugal	168,534	-
Total Assets	**22,338,565**	**21,458,838**

Note 20: Commitments

Operating lease commitments

	2017 $	2016 $
Not later than one year	122,400	27,755
After one year but less than two years	38,035	-
	160,435	27,755

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:

	2017 $	2016 $
Not later than one year	1,207,874	1,335,000
After one year but less than two years	203,656	5,200,000
	1,411,530	6,535,000

Note 21: Cash Flow Information

	2017 $	2016 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(5,357,243)	(2,263,225)
Adjustments items not impacting cash flow used in operations:		
Depreciation and amortisation	6,098	6,161
Exploration expenditure written-off	877,619	415,004
Impairment of Available for Sale financial asset	-	887,513
Share based payments	1,736,391	40,000
(Profit)/Loss on sale of available for sale financial assets	(22,286)	-
(Profit)/Loss on break fee from tenement sale	(66,364)	-
Changes in current assets and liabilities:		
(Increase)/decrease in trade and other receivables	(118,120)	(80,301)
Increase/(decrease) in trade and other payables	250,672	228,644
Increase/(decrease) in provisions	23,503	(7,299)
Cash flow used in operations	(2,669,730)	(773,503)

Note 22: Related Party Transactions

Key Management Personnel Remuneration

	2017 $	2016 $
Salaries and other short-term benefits	698,211	322,644
Post employment benefits	66,331	15,395
Share based payments	525,000	140,000
	1,289,542	478,039

Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.

Payments to director-related parties

	2017 $	2016 $
Payments to director-related entities(1)	1,072,521	92,062

(1) Payments were made to Strategic Metallurgy Pty Ltd, a company of which Mr Gary Johnson is a director and beneficial shareholder. The payments were in relation to the development of L-Max® technology on an arm's length basis. As at 30 June 2017 invoices totalling $108,044 are payable (2016: $101,268).

During the year 40,000,000 options were issued to Alchemy Advisors Pty Ltd, an entity controlled by Mr Joe Walsh in satisfaction of consulting services provided. Neither Alchemy Advisors Pty Ltd, nor Mr Joe Walsh were a related party of the Company at the time the options were issued.

Note 23: Financial Risk Management

The Group has exposure to the following risks:

(a) Credit Risk
(b) Liquidity Risk
(c) Market Risk

This note presents information on the Group's exposure to each of the above risks, their objectives, policies and processes for measuring risk, and management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately mitigated.

The Group's Audit & Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit Risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counter-party.

The Group's cash and cash equivalents are held with ANZ Bank, and management consider the Group's exposure to credit risk is low.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	8	3,307,337	650,260
Trade and other receivables	9	705,500	3,886,276
Total financial assets		**4,012,837**	**4,536,536**

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The Company will need to raise additional capital in the next 12 months. The decision on how and when the Company will raise future capital will largely depend on the market conditions existing at that time.

As at the reporting date the Group had the following financial liabilities comprised of non-interest bearing trade creditors and accruals with a maturity of less than 6 months:

	Note	2017 $	2016 $
Financial liabilities			
Trade and other payables	14	1,662,855	624,516

(c) Market Risk

Market risk was the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

(i) Interest Rate Risk

As at and during the year ended on reporting date the Group had no significant interest-bearing assets or liabilities other than liquid funds on deposit. As such, the Group's income and operating cash flows (other than interest income from funds on deposit) are substantially independent of changes in market interest rates. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below:

			2017		2016
		%	$	%	$
Financial assets					
Cash assets	Floating rate	1.47%	3,307,337	1.75%	650,260

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in higher interest-bearing cash management account.

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk over the reporting period. The sensitivity analysis demonstrates the effect on the current year's results and equity values reported at the end of the reporting period which would result from a 1% change in interest rates.

	2017 $	2016 $
Change in Loss		
Increase by 1%	25,642	6,663
Decrease by 1%	(25,624)	(6,663)
Change in Equity		
Increase by 1%	25,642	6,663
Decrease by 1%	(25,642)	(6,663)

(ii) Market Price Risk for Available for Sale Financial Assets

The Group has performed a sensitivity analysis relating to its exposure to market price for Available for Sale financial assets as at reporting date. The sensitivity analysis demonstrates the effect on the current year results and equity which would result from a 10% change in market price.

	2017 $	2016 $
Change in Loss		
Increase by 10%	-	10,000
Decrease by 10%	-	(10,000)
Change in Equity		
Increase by 10%	-	10,000
Decrease by 10%	-	(10,000)

(iii) Currency Risk

The Group has potential exposure to foreign currency movements by virtue of its involvement in exploration tenements in Portugal and Canada. At this time the currency risk is not considered significant. The Group has not entered into any derivative financial instruments to hedge such transactions.

(iv) Commodity Price Risk

The Group is operating primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are not yet subject to commodity price risk.

(v) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 24: Parent Entity Financial Information

The following information relates to the legal parent only.

(a) Summary of Financial Information

	2017 $	2016 $
Assets		
Current assets	3,430,116	4,348,993
Total assets	28,957,151	27,593,899
Liabilities		
Current liabilities	1,398,168	630,806
Total liabilities	1,398,168	630,806
Shareholders' Equity		
Issued capital	67,025,800	62,808,171
Reserves	1,740,074	782,574
Accumulated Losses	(41,206,890)	(36,627,653)
Total Shareholders' Equity	27,558,983	26,963,092
Loss for the year	(4,579,238)	(996,656)
Total comprehensive loss for the year	(4,579,238)	(996,656)

(b) Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2017 the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and contingent liabilities

As at 30 June 2017 the parent entity has no guarantees or contingent liabilities other than as disclosed in Note 18.

Note 25: Events Subsequent to Reporting Date

(a) Appointment of Lycopodium for the provision of engineering services

On 3 August 2017 the Company confirmed the appointment of Lycopodium Minerals Pty Ltd a subsidiary of Lycopodium Limited (ASX:LYL) ("Lycopodium") for the provision of engineering services for the Company's Phase 1 L-Max® Plant Feasibility Study (the "Study").

The objective of the Study is to define an economically and technically viable small commercial scale L-Max® plant, to be built in Ontario, Canada that will treat lithium mica concentrate feed from a variety of sources. Final process design data is expected to be completed by end December 2017.

Lycopodium elected to receive payment for the anticipated fees for its engineering services in Lepidico shares. Under the terms of the agreement with Lycopodium, the Company allotted and issued 45,000,000 new fully paid ordinary shares to Lycopodium. The shares issued are subject to escrow restrictions pending completion of the Study and are also subject to pro-rata buyback and cancellation provisions (subject to Shareholder approval) should the Study be terminated prior to completion.

(b) Lepidico secures Moriarty Lithium Project in WA

On 18 August 2017 the Company signed a Binding Term Sheet ("Agreement") with Maximus Resources Limited ("Maximus") under which Lepidico can earn a 75% interest in Maximus's lithium rights in the Spargoville Project, located 70km south of Kalgoorlie in Western Australia.

The lithium rights will be known as the Moriarty Lithium Project.

Under the Agreement, Lepidico can earn 75% of Maximus's lithium rights by meeting all of the following terms:

(i) On execution of the Term Sheet, payment to Maximus of $80,000 in Lepidico shares, at a 5 day VWAP issue price;

(ii) Six months after execution, payment to Maximus, at Lepidico's discretion, of $120,000 in cash or Lepidico shares at a 5 day VWAP issue price; and

(iii) 12 months after execution, payment to Maximus, at Lepidico's discretion, of $150,000 in cash or Lepidico shares at a 5 day VWAP issue price.

Lepidico has the discretion to accelerate any or all of the above payments.

At any time within three years after the third payment Lepidico can choose to secure 100% of the Lithium Rights by making a payment to Maximus of $400,000 which can be made, at Lepidico's discretion, as either cash, or a combination of 50% cash and 50% in Lepidico shares at a 5 day VWAP issue price.

Field work at Moriarty is intended to commence in September, in conjunction with the anticipated drilling program at the PEG009 prospect.

Under the terms of the Agreement with Maximus, the Company allotted and issued 6,333,432 new fully paid ordinary shares to Maximus on 18 August 2017.

(c) Issue of shares to Bacchus Capital Advisers

On 5 September 2017 the Company issued 52,195,175 fully paid ordinary shares to Bacchus Capital Advisors at an issue price of $0.0143 for the corporate advice provided during the Company's takeover defence which under the terms of the engagement Bachhus Capital elected to receive the majority of its fee in Lepidico shares.

DIRECTORS' REPORT

In the opinion of the Directors of Lepidico Ltd (the "Company"):

1. The financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the Corporations Act 2001, including:

    a. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
    b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.

4. Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors.

Joe Walsh
Managing Director

Dated this 18th day of September 2017

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEPIDICO LTD

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Lepidico Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Related to Going Concern

Without qualification to the opinion expressed above, we draw attention to note 1(a) of the financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in in the normal course of business and at amounts other than as stated in the financial report. The Group financials do not include the adjustments that would result if the Group were unable to continue as a going concern.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Valuation of Intangible Assets

Refer to Note 12 Intangible asset

As at 30 June 2017 the Group had intangible assets with a carrying value of $16,698,154. The intangible asset includes the Group's investment in the L-Max® Technology, including the cost of acquisition of the technology and subsequent development costs and patent fees capitalised. The value of the technology was a key audit matter given the significance of the technology to the Group's operations, and the judgement involved in the assessment of its value.

As part of their annual impairment review, management prepared an analysis of the recoverable amount of the technology which was based on "fair value less costs to sell". Note that given the early stages of development of the technology, we are not able to rely on forecast cash flows as a reliable estimate of value in use.

Our procedures included, amongst others:

- Assessing the methodologies used by management to estimate fair value including challenging the methodology used, testing the integrity of the information provided, and assessing the appropriateness of the key assumptions based on our knowledge of the technology and industry.
- Reviewing professional technological reports and testing results of the technology for evidence of impairment indicators, including reviewing the Pre-Feasibility Report. We also assessed the competence and independence of the experts used by management to prepare these reports.
- Reviewing recent professional, independent valuation reports (included in the target's statement document announced on 28 March 2017) that were prepared as part of the recent take-over bid, including a review of the bidder's consideration to determine fair value of the Group. We also assessed the competence and independence of the experts used by management to prepare these reports.
- Compared the market capitalisation of the Group ($26,467,715) to its net asset position ($20,629,913) and noted that the market capitalisation (based on closing share price of $0.013) was higher at balance date.
- Assessing the appropriateness of the relevant disclosures in the financial statements

Key Audit Matters (continued)

Related Party Transactions and Share Based Payments to Key Management Personnel	
Refer to Note 16(c) Share Based Payments, Note 22 Related Party Transactions and Remuneration Report	
During the year ended 30 June 2017, the Group transacted with Key Management Personnel and their related entities including: • Awarded share based payments amounting to \$525,000, in the form of share options, to Key Management Personnel • Paid \$1,075,521 in development and consulting costs related to the L-Max Technology As these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third party. The value of the share based payments is a key audit matter due to it being a key material transaction with members of key management personnel, the valuation of which involves significant judgement and accounting estimation. We therefore identified these related party transactions as a key area of focus.	Our procedures included, amongst others: • Enquiring and obtaining confirmations from Key Management Personnel regarding related party transactions occurring during the period. • Reviewing minutes of meetings, ASX announcements and agreements, and considered other transactions undertaken during the financial year. • Reviewing payments, receipts and general journals throughout the year, and examining transactions with known related parties, or those that appear large or unusual for the Group. • Evaluating, based on supporting documentation, whether related party transactions were on an arms-length basis. • Assessing the valuation methodology used by management to estimate fair value of share options issued, including testing the integrity of the information provided, assessing the appropriateness of the key assumptions input into the valuation model and recalculating the valuation using the Black Scholes Model. • Assessing whether the share based payments have been appropriately classified and accounted for in the financial statements. • Assessing the appropriateness of the relevant disclosures in the financial statements.

Key Audit Matters (continued)

Group's ability to continue as a Going Concern	
Refer to Note 1(a) Going Concern	
During the year ended 30 June 2017, the Group incurred a net loss after tax of $5,357,243 and a net cash outflow from operating activities of $2,669,730. As at 30 June 2017 the Group had net current assets of $2,218,182, and a cash balance of $3,307,337. The Group is reliant on capital raising within the next 12 months in order to continue normal business activity. At the time of approving the financial statements, the outcome of future capital raising was uncertain. The ability of the Company to raise capital in the future is fundamental to the ability of the Group to continue as a going concern. In the event that the Group is unable to raise capital as and when required, the Group may be unable to continue as a going concern and therefore, the Group may be unable to realise its assets and settle its liabilities in the normal course of business and at amounts other than as stated in the financial report. The issue is referred to in the Material Uncertainty Related to Going Concern paragraph above.	Our procedures included, amongst others: • Review and testing of cash flow forecasts for the 15 months ended 30 September 2018, including assessment of the key financial and operational assumptions, understanding forecast expenditure and commitments, and assessing the liquidity of existing assets on the balance sheet. • Discussion with management regarding the Group's reliance on future equity financing, and the Group's ability to successfully raise capital in the current economic climate. Based on the work done, we agree with the Directors assessment that the going concern basis of preparation is appropriate, however we also concur that there is a material uncertainty, which may cast doubt on the Group's ability to continue as a going concern because of the uncertainty over the ability to raise capital. The disclosures in the financial statements appropriately identify this risk.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report
We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Lepidico Limited, for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Suan-Lee Tan	**Moore Stephens**
Partner	chartered accountants

Signed at Perth this 18th day of September 2017

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Lepidico Ltd (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with the 3rd edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

This Statement was approved by the Board of Directors and is current as at 18 September 2017.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX Recommendation 1.1: A listed entity should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective Board and management functions and responsibilities. A copy of this Board charter is available in the corporate governance section of the Company's website at www.lepidico.com.

ASX Recommendation 1.2: A listed entity should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a Director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.

The Company has complied with this recommendation.

The Company appointed Mr Rodda on 24 August 2016 and Mr Walsh as Managing Director on 22 September 2016.

Information in relation to Directors seeking election and re-election is set out in the Directors report and Notice of Annual General Meeting.

ASX Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has complied with this recommendation.

The Company has in place written agreements with each Director and Senior Executive.

ASX Recommendation 1.4: The company secretary of a listed company should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the Board through the Chair.

ASX Recommendation 1.5: A listed entity should:

- **Have a diversity policy which includes the requirement for the Board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;**
- **disclose the policy or a summary of it;**
- **disclose the measurable objectives and progress towards achieving them; and**
- **disclose the respective proportions of men and women on the Board and at each level of management and the company as a whole.**

The Company partly complies with this recommendation.

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at www.lepidico.com.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not practical. The Board will consider setting measurable objectives as the Company increases in size and complexity.

There are no women currently on the Board. The Company has three full-time employees which includes one woman in a senior management position.

ASX Recommendation 1.6: A listed entity should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

The Company has complied with this recommendation.

The Company's Board charter outlines the process for evaluating the performance of the Board and its Committees.

This provides that, once a year, the Board shall review and discuss the performance of the Board as a whole, its Committees and individual Directors. If it is apparent that there are problems which cannot be satisfactorily considered by the Board itself, the Board may decide to engage an independent adviser to undertake this review.

The Company's Nomination and Remuneration Committee is also required review the performance of the Board, its committees and individual Directors.

A performance review was undertaken for the reporting period.

ASX Recommendation 1.7: A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.

The Company has complied with this recommendation.

The Company has in place procedures for evaluating the performance of its senior executives overseen by the Nomination and Remuneration Committee. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

A performance review was undertaken for the reporting period.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

ASX Recommendation 2.1: The Board of a listed entity should establish a Nomination Committee:

- **With at least three members the majority of which are independent Directors;**
- **chaired by an independent director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.**

The Company has partly complied with this recommendation.

The Board has established a Nomination and Remuneration Committee. The current members of the Nomination and Remuneration Committee are:

- Mr Gary Johnson (Chair)
- Mr Mark Rodda

The qualifications of the members of the committee are set out in the Directors' Report.

The Board will reassess the composition of the committee upon future changes to the size and composition of the Board.

A copy of the Committee's charter is available in the corporate governance section of the Company's website at www.lepidico.com. Details of the number of meetings of the committee and attendance at those meetings are set out in the Directors' Report.

ASX Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Company has complied with this recommendation.

The Board has established a skill matrix. On a collective basis the Board has the following skills:

Strategic expertise: Ability to identify and critically assess strategic opportunities and threats and develop strategies.

Specific Industry knowledge: Geological and metallurgical qualifications are held by Board members and all members of the Board have a general background and experience in the resources sector including exploration, mineral resource project development, mining and mineral processing.

Accounting and finance: The ability to read and comprehend the Company's accounts, financial material presented to the Board, financial reporting requirements and an understanding of corporate finance.

Legal: Overseeing compliance with numerous laws, ensuring appropriate legal and regulatory compliance frameworks and systems are in place and understanding an individual Director's legal duties and responsibilities.

Risk management: Identify and monitor risks to which the Company is, or has the potential to be exposed to.

Experience with financial markets: Experience in working in or raising funds from the equity or other capital markets.

Investor relations: Experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts.

ASX Recommendation 2.3: A listed entity should disclose the names of the Directors considered by the Board to be independent Directors and provide details in relation to the length of service of each Director.

The Company has complied with this recommendation.

Mr Mark Rodda is a non-executive Director and considered to be an independent Director.

Mr Gary Johnson is a non-executive Director and is an associate of Strategic Metallurgy Pty Ltd (Strategic Metallurgy), a substantial shareholder of the Company. Mr Johnson, through his interest in Strategic Metallurgy controls 349,680,293 shares in Lepidico Ltd. In addition to its shareholding Strategic Metallurgy also receives fees on normal commercial terms for technical services in relation to the development of the L-Max® technology and as such is not considered independent. Where the Board considers matters relating to Strategic Metallurgy, Mr Johnson does not participate.

Mr Joe Walsh and Mr Tom Dukovcic are Executive Directors and are not considered independent Directors as they are employed in an executive capacity.

The appointment date of current Directors is set out in the Directors' Report.

ASX Recommendation 2.4: The majority of the Board of a listed entity should be independent Directors.

The Company has not complied with this recommendation.

As in ASX recommendation 2.3, the majority of the Board is not considered to be independent.

The Board considers that its current composition is appropriate given the current size and stage of development of the Company and allows for the best utilisation of the experience and expertise of its members.

Directors having a conflict of Interest in relation to a particular Item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

ASX Recommendation 2.5: The Chair of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.

The Company partly complies with this recommendation.

The Chairperson, Mr Gary Johnson is not considered to be an independent Director. Notwithstanding this the Directors believe that Mr Johnson is able to, and does make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.

Mr Joe Walsh is Managing Director of the Company.

ASX Recommendation 2.6: A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities.

The Company has complied with this recommendation.

The Nomination and Remuneration Committee has responsibility for the approval and review of induction procedures for new appointees to the Board to ensure that they can effectively discharge their responsibilities which will be facilitated by the Company Secretary.

The Nomination and Remuneration Committee is also responsible for the program for providing adequate professional development opportunities for Directors and management.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

ASX Recommendation 3.1: A listed entity should establish a code of conduct and disclose the code or a summary of the code.

The Company has complied with this recommendation.

The Company has established a code of conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from Directors and employees.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at www.lepidico.com.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:

- **With at least three members, all of whom are non-executive Directors and a majority of which are independent Directors;**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.**

The Company has partly complied with this recommendation.

The Board has established an Audit and Risk Committee. The current members of the Audit and Risk Committee are:

- Mr Mark Rodda (Chair)
- Mr Gary Johnson

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting, risk management and compliance.

The qualifications of the members of the Audit and Risk committee are set out in the Directors report. Although members of the committee do not hold accounting or finance qualifications they do have an understanding of financial reporting requirements and experience in ensuring that these requirements are met and that relevant controls are in place to ensure the integrity of the financial statements and reports.

The Board will reassess the composition of the committee upon future changes to the size and composition of the Board.

A copy of the charter of the Audit and Risk Committee is available in the corporate governance section of the Company's website at www.lepidico.com.

Details of the number of meetings of the committee and attendance at those meetings are set out in the Directors' Report.

ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company partly complies with this recommendation.

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2016 and the full year ended 30 June 2017. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

ASX Recommendation 4.3: A listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.

The Company has complied with this recommendation.

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX Recommendation 5.1: A listed entity should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has complied with this recommendation.

The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rules disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy.

The Board has designated the Chairman, Managing Director and the Company Secretary as the persons responsible for ensuring that this policy is implemented and enforced and that all required price sensitive information is disclosed to the ASX as required.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at www.lepidico.com after ASX confirms an announcement has been made.

A copy of the continuous disclosure policy is available in the corporate governance section of the Company's website at www.lepidico.com.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

ASX Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.

The Company has complied with this recommendation.

The Company's website at www.lepidico.com contains information about the Company's projects, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on the website.

ASX Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has complied with this recommendation.

The Company's Managing Director and Director Exploration are the Company's main contacts for investors and potential investors and make themselves available to discuss the Company's activities when requested. In addition to announcements made in accordance with its continuous disclosure obligations, the Company, from time to time, prepares and releases general investor updates about the Company.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's email contact list.

ASX Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company has complied with this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

The full text of all notices of meetings and explanatory material are posted on the Company's website at www.lepidico.com.

ASX Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.

The Company has complied with this recommendation.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's email contact list.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share registry via telephone, facsimile or email.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

ASX Recommendation 7.1: The Board of a listed entity should have a committee to oversee risk:

- **With at least three members, all of whom are non-executive Directors and a majority of which are independent Directors;**
- **chaired by an independent director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.**

The Company has complied with this recommendation.

The Board has established an Audit and Risk Committee and adopted a charter that sets out the committee's role and responsibilities, composition and membership requirements.

The current members of the Audit and Risk Committee are:

- Mr Mark Rodda (Chair)
- Mr Gary Johnson

The role of the Audit and Risk Committee is to oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.

A copy of the charter of the Audit and Risk Committee is available in the corporate governance section of the Company's website at www.lepidico.com.

Details of the number of meetings of the committee and attendance at those meetings are set out in the Directors' Report.

ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken.

The Company has complied with this recommendation.

The charter of the Audit and Risk Committee provides that the committee will annually review the Company's risk management framework to ensure that it remains sound.

The committee conducted such a review for the reporting period.

ASX Recommendation 7.3: A listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes.

The Company has complied with this recommendation.

Given the Company's current size and level of operations it does not have an internal audit function. The Audit and Risk Committee oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements and monitors the quality of the accounting function.

ASX Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.
The Company has complied with this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives.

The Company's ability to raise capital may be effected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to International, Federal and State laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

ASX Recommendation 8.1: The Board of a listed entity should establish a remuneration committee:

- **With at least three members the majority of which are independent Directors;**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.**

The Company has partly complied with this recommendation.

The Board has established a Nomination and Remuneration Committee and adopted a charter that sets out the remuneration and nomination committee's role and responsibilities, composition and membership requirements.

The current members of the Nomination and Remuneration Committee are:

- Mr Gary Johnson (Chair)
- Mr Mark Rodda

A copy of the Committee's charter is available in the corporate governance section of the Company's website at www.lepidico.com.

Details of the number of meetings of the committee and attendance at those meetings are set out in the Directors' Report.

ASX Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

The Company has complied with this recommendation.
Mr Gary Johnson, and Mr Mark Rodda are paid a fixed annual fee for their service to the Company as a Non-Executive Directors. Non-Executive Directors may, subject to shareholder approval, be granted equity based remuneration.

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in short term incentives and may, subject to shareholder approval and if appropriate, be granted equity based remuneration.

ASX Recommendation 8.3: A listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.

The Company has complied with this recommendation.

Participants in any Company equity based remuneration scheme are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

TENEMENT INFORMATION

The Company holds interests in various tenements as shown in the below tables.

AUSTRALIAN OPERATIONS

A: Owned directly

Project/ Tenement ID	Registered Holder	Lepidico Interest in tenement	Expiry Date	Area
Euriowie (EL 8468), Broken Hill, NSW	Mica Exploration Areas Pty Ltd*	100%	21 September 2018	17 Units

* Mica Exploration Areas Pty Ltd is a wholly owned subsidiary of the Company

B: Farm-in Agreements

Project/ Tenement ID	Registered Holder	Lepidico Interest in tenement	Expiry Date	Area
Gobbos (E45/3326), East Pilbara, WA	Gondwana Resources Limited	51%; earning up to75%	20 January 2020	40 sub-blocks
PEG 009 (part E63/1669) Norseman, WA	Pioneer Resources Limited	Earning 75% of Peg 9 prospect only	13 April 2020	2 sub-blocks
Moriarty Lithium Project Kambalda, WA		Earning 75% of MXR lithium rights		
P15/5545	Maximus Resources Ltd	MXR 100%		
M15/1475, M15/1101, M15/1263, M15/1264, M15/1323, M15/1338, M15/1474, M15/1769, M15/1770, M15/1771, M15/1772, M15/1773, M15/1774, M15/1775, M15/1776	Maximus Resources Ltd & Tychean Resources Ltd	MXR 100%	Various	Various
M15/1448	Maximus Resources Ltd, Tychean Resources Ltd & Bullabulling Pty Ltd	MXR 90%	Various	Various
M15/1449, P15/5912	Maximus Resources Ltd, Tychean Resources Ltd & Pioneer Resources Ltd	MXR 75%	Various	Various

CANADIAN OPERATIONS

Farm-in Option Agreement with Critical Elements Corporation (TSX-V:CRE); Company earning up to 75%

Farm-in Option Agreement with Critical Elements Corporation (TSX-V:CRE); Company earning up to 75%

NTS Sheet	Claim Number	Expiry date	Area (ha)
32O11	CDC-2139598	11 Dec 2017	53.37
32O11	CDC-2139599	11 Dec 2017	53.37
32O11	CDC-2139600	11 Dec 2017	53.37
32O12	CDC-2139618	11 Dec 2017	53.37
32O12	CDC-2139619	11 Dec 2017	53.37
32O12	CDC-2139620	11 Dec 2017	53.37
32O12	CDC-101661	12 Dec 2017	0.1
32O12	CDC-101662	12 Dec 2017	12.11
32O12	CDC-101663	12 Dec 2017	32.33
32O12	CDC-101667	12 Dec 2017	5.47
32O12	CDC-103376	12 Dec 2017	2.13
32O11	CDC-103379	12 Dec 2017	9.32
32O11	CDC-103381	12 Dec 2017	53.34
32O11	CDC-103382	12 Dec 2017	53.34
32O12	CDC-2141610	23 Jan 2018	53.41
32O12	CDC-2141611	23 Jan 2018	53.41
32O12	CDC-2142017	23 Jan 2018	53.41
32O14	CDC-2002394	8 March 2018	53.31

NTS Sheet	Claim Number	Expiry date	Area (ha)
32O11	CDC-2160114	8 June 2018	53.34
32O11	CDC-2160120	8 June 2018	7.84
32O11	CDC-2160123	8 June 2018	1.82
32O11	CDC-2160124	8 June 2018	28.94
32O11	CDC-2160125	8 June 2018	52.68
32O11	CDC-2160126	8 June 2018	53.33
32O11	CDC-2160600	10 June 2018	1.06
32O11	CDC-2160601	10 June 2018	11.49
32O11	CDC-2160602	10 June 2018	44.51
32O11	CDC-2160603	10 June 2018	53.32
32O11	CDC-2160604	10 June 2018	53.32
32O11	CDC-2160605	10 June 2018	53.32
32O11	CDC-2160606	10 June 2018	53.32
32O14	CDC-2160610	10 June 2018	53.31
32O14	CDC-2160611	10 June 2018	53.31
32O14	CDC-2160612	10 June 2018	53.31
32O14	CDC-2160613	10 June 2018	44.51
32O14	CDC-2160614	10 June 2018	44.71

NTS Sheet	Claim Number	Expiry date	Area (ha)
32O14	CDC-2003026	21 March 2018	53.31
32O14	CDC-2003027	21 March 2018	53.31
32O14	CDC-2003028	21 March 2018	53.31
32O14	CDC-2003029	21 March 2018	53.31
32O14	CDC-2003030	21 March 2018	53.31
32O14	CDC-2003031	21 March 2018	53.31
32O14	CDC-2003032	21 March 2018	53.3
32O14	CDC-2003033	21 March 2018	53.3
32O14	CDC-2003034	21 March 2018	53.3
32O14	CDC-2003035	21 March 2018	53.3
32O14	CDC-2003036	21 March 2018	53.3
32O14	CDC-2003037	21 March 2018	53.29
32O14	CDC-2003038	21 March 2018	53.29
32O14	CDC-2003039	21 March 2018	53.29
32O14	CDC-2003040	21 March 2018	53.27
32O14	CDC-2003041	21 March 2018	53.27
32O14	CDC-2003042	21 March 2018	53.27
32O14	CDC-2003043	21 March 2018	53.27
32O14	CDC-2003044	21 March 2018	53.27
32O14	CDC-2003045	21 March 2018	53.26
32O14	CDC-2003046	21 March 2018	53.26
32O14	CDC-2003047	21 March 2018	53.26
32O14	CDC-2003049	21 March 2018	53.28
32O14	CDC-2003050	21 March 2018	53.28
32O14	CDC-2003051	21 March 2018	53.28
32O14	CDC-2003052	21 March 2018	44.71
32O14	CDC-2003053	21 March 2018	44.61
32O14	CDC-2003054	21 March 2018	44.51
32O14	CDC-2003055	21 March 2018	44.42
32O14	CDC-2003056	21 March 2018	53.29
32O14	CDC-2003057	21 March 2018	53.3
32O14	CDC-2003587	23 March 2018	53.27
32O11	CDC-2004630	30 March 2018	53.32
32O11	CDC-2004631	30 March 2018	53.32
32O11	CDC-2004632	30 March 2018	53.32
32O11	CDC-2004633	30 March 2018	53.32
32O11	CDC-2004634	30 March 2018	53.32
32O11	CDC-2004635	30 March 2018	25.46
32O11	CDC-2004636	30 March 2018	51.58
32O11	CDC-2004637	30 March 2018	26.74
32O11	CDC-2004639	30 March 2018	27.42
32O11	CDC-2234284	17 May 2018	53.38
32O12	CDC-2158840	4 June 2018	50.41
32O14	CDC-2160050	8 June 2018	44.33
32O14	CDC-2160051	8 June 2018	44.24
32O14	CDC-2160052	8 June 2018	46.67
32O14	CDC-2160053	8 June 2018	30.08
32O14	CDC-2160057	8 June 2018	53.27
32O14	CDC-2160058	8 June 2018	20.03
32O14	CDC-2160065	8 June 2018	53.26
32O14	CDC-2160066	8 June 2018	9.99
32O11	CDC-2160090	8 June 2018	53.37
32O11	CDC-2160097	8 June 2018	53.36
32O11	CDC-2160098	8 June 2018	53.36
32O11	CDC-2160099	8 June 2018	53.36
32O11	CDC-2160104	8 June 2018	53.35
32O11	CDC-2160105	8 June 2018	53.35
32O11	CDC-2160110	8 June 2018	13.87
32O11	CDC-2160111	8 June 2018	45.73
32O11	CDC-2160112	8 June 2018	53.34
32O11	CDC-2160113	8 June 2018	53.34

NTS Sheet	Claim Number	Expiry date	Area (ha)
32O14	CDC-2160615	10 June 2018	44.91
32O14	CDC-2160616	10 June 2018	45.11
32O14	CDC-2160617	10 June 2018	45.3
32O14	CDC-2160618	10 June 2018	45.48
32O14	CDC-2160619	10 June 2018	47.67
32O14	CDC-2160621	10 June 2018	14.23
32O14	CDC-2160625	10 June 2018	14.48
32O14	CDC-2160626	10 June 2018	23.64
32O14	CDC-2099284	3 July 2019	53.31
32O14	CDC-2099285	3 July 2019	53.31
32O14	CDC-2099286	3 July 2019	53.31
32O14	CDC-2099289	3 July 2019	53.3
32O14	CDC-2099290	3 July 2019	53.3
32O14	CDC-2099291	3 July 2019	53.3
32O14	CDC-2099292	3 July 2019	53.3
32O14	CDC-2099293	3 July 2019	53.3
32O14	CDC-2099294	3 July 2019	53.29
32O14	CDC-2099295	3 July 2019	53.29
32O14	CDC-2099296	3 July 2019	53.29
32O14	CDC-2099297	3 July 2019	53.29
32O14	CDC-2099298	3 July 2019	53.29
32O14	CDC-2099299	3 July 2019	53.29
32O14	CDC-2099300	3 July 2019	53.28
32O14	CDC-2099301	3 July 2019	53.28
32O14	CDC-2099302	3 July 2019	53.28
32O14	CDC-2099303	3 July 2019	53.28
32O14	CDC-2099304	3 July 2019	53.28
32O14	CDC-2099305	3 July 2019	53.28
32O14	CDC-2099306	3 July 2019	53.28
32O14	CDC-2099307	3 July 2019	53.27
32O14	CDC-2099308	3 July 2019	53.27
32O14	CDC-2099309	3 July 2019	53.27
32O14	CDC-2099310	3 July 2019	53.27
32O14	CDC-2099311	3 July 2019	53.27
32O14	CDC-2099312	3 July 2019	53.27
32O14	CDC-2099313	3 July 2019	53.27
32O14	CDC-2099314	3 July 2019	53.27
32O12	CDC-2107873	18 July 2019	53.39
32O12	CDC-2107875	18 July 2019	53.39
32O12	CDC-2107877	18 July 2019	53.39
32O12	CDC-2107881	18 July 2019	53.38
32O12	CDC-2107883	18 July 2019	53.38
32O12	CDC-2107885	18 July 2019	53.38
32O12	CDC-2107887	18 July 2019	53.38
32O12	CDC-2107890	18 July 2019	53.38
32O12	CDC-2107894	18 July 2019	37.89
32O12	CDC-2107895	18 July 2019	52.67
32O12	CDC-2308539	18 Aug 2019	53.4
32O12	CDC-2308540	18 Aug 2019	53.39
32O12	CDC-2308541	18 Aug 2019	53.39
32O12	CDC-2119927	30 Aug 2019	53.4
32O12	CDC-2119929	30 Aug 2019	53.39
32O12	CDC-2119930	30 Aug 2019	53.39
32O14	CDC-2120984	11 Sept 2019	53.29
32O14	CDC-2120989	11 Sept 2019	53.28
32O14	CDC-2121343	13 Sept 2019	53.3
32O14	CDC-2121344	13 Sept 2019	53.3
32O14	CDC-2121346	13 Sept 2019	53.29
32O14	CDC-2121347	13 Sept 2019	53.29
32O12	CDC-2317957	13 Oct 2019	25.01
32O12	CDC-2317958	13 Oct 2019	45.15
158			**7433.55**

SUPPLEMENTARY (ASX) INFORMATION

Security Holder Details

The following Security Holder information was applicable as at 4 October 2017.

1. Distribution of shareholding (ASX:LPD)

The distribution of members and their shareholding was as follows:

Number Held	Number of Shareholders
1 – 1,000	890
1,001 – 5,000	321
5,001 – 10,000	137
10,001 – 100,000	960
101,000 and above	1,220
Total number of shareholders	**3,528**

2. Twenty largest Shareholders (ASX:LPD; as at 4 October 2017)

The distribution of members and their shareholding:

	Shareholder	Number	%
1	Lithium Australia NL	319,920,852	14.95%
2	Strategic Metallurgy Pty Ltd	266,603,370	12.46%
3	JP Morgan Nominees Australia Ltd	71,933,931	3.36%
4	Bacchus Capital Advisers Ltd	52,195,175	2.44%
5	Strategic Metallurgy Pty Ltd	50,000,000	2.34%
6	Lycopodium Minerals Pty Ltd	45,000,000	2.10%
7	Wythenshawe Pty Ltd	40,000,000	1.87%
8	Becker GSM & WM	39,357,683	1.84%
9	Perth Capital Pty Ltd	38,000,000	1.78%
10	Netwealth Inv Pty Ltd	24,716,923	1.16%
11	Georgaklis Bill & G	24,187,190	1.13%
12	Blammo Inv Pty Ltd	23,425,693	1.09%
13	Citicorp Nominees Pty Ltd	22,704,347	1.06%
14	Isaiah Sixty Pty Ltd	22,250,000	1.04%
15	Wythenshawe Pty Ltd	19,750,000	0.92%
16	Critical Elements Corp	18,514,939	0.87%
17	Avalon Retmnt Inv Pty Ltd	17,091,742	0.80%
18	Khoo John	13,621,410	0.64%
19	Rae Michael	12,607,500	0.59%
20	Whitten David John	12,594,459	0.59%
	Total Top 20	**1,134,475,214**	**53.03%**

3. Substantial Shareholders

As disclosed in the most recent notices provided to the Company, the following shareholders held a substantial interest, being 5.0% or greater, in the issued capital of the Company:

Shareholder	Number of Shares	%
Lithium Australia NL (as per Notice dated 6 September 2017)	320,566,248	14.98%
Strategic Metallurgy Pty Ltd (as per Notice dated 15 September 2017)	349,680,293	16.344%

4. Unlisted Option holdings as at 4 October 2017

The company has 124,000,000 unlisted options with varying expiry and exercise price on issue which carry no voting entitlement.

40,000,000 options expiring 3 August 2018 with an exercise price of 1.815c ("A"), all of which were issued to Alchemy Advisors Pty Ltd, a company related to Joe Walsh.

9,000,000 options expiring 31 December 2018 with an exercise price of 1.0c ("B"), all of which were issued to Tom Dukovcic.

50,000,000 options expiring 31 December 2019 with an exercise price of 2.5c ("C"), which were issued to the Company's Directors.

25,000,000 options expiring 31 December 2019 with an exercise price of 2.5c ("D"), which were issued under the Company Employee Share Plan.

	A	B	C	D
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
101,000 and above	1	1	4	2
Total number of holders	1	1	4	2

5. Restricted Securities

45,000,000 shares are currently held under voluntary escrow until completion of the Phase 1 L-Max® Plant Feasibility Study.

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