

Annual Report 2022



Sustainable Chemicals for the Future



A heartfelt thank you...

...to all members of the Lepidico team for your considerable contributions and dedication over the past year. Business conditions continued to be challenged by the COVID-19 pandemic and its aftermath, but despite this your efforts have allowed us to drive forward and progress our strategy to become a sustainable lithium producer.

Particular thanks to Peter Walker, General Manager Projects, who has shown exceptional leadership, skill and tenacity in progressing our Phase 1 Project – along with the proprietary process technologies it employs – from pre-feasibility in 2016 to advanced front-end engineering and design in mid-2022. On 1 September 2022 Peter handed the Phase 1 reins to new Project Director, Roly Wells – welcome – to take Phase 1 into construction from his base in Brisbane, where he is best placed to oversee detailed design. We have also welcomed three other new General Managers to Lepidico in 2022, Benedicta, Hans and Timo. We look forward to continuing to work with Peter, who has transitioned into the part-time largely governance role of Technical Advisor.

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Highlights



Sustainability

- Lepidico has a zero-harm health & safety record with no incidents reported in 2022; one low impact environmental incident recorded with no lasting effects.
- Executive team expanded with General Manager Sustainability & Country Affairs Namibia starting during the year; recruitment of two General Manager Operations, one for Namibia and the other for the UAE, and Project Director completed with all positions due to commence during the September 2022 quarter.
- Alternatives identified to source green hydrogen for the UAE chemical plant, which would materially reduce Scope 1 & 2 greenhouse gas emissions for the integrated Phase 1 operations, to be best-in-class around 3t CO₂-e/t LCE.
- Zero solid process waste from the UAE chemical plant closer to a reality with LOIs signed with local customers for 100% of all Phase 1 bulk products including the gypsum residue.
- Lepidico scores in the top 5% of all ASX listed companies in gender equality ratings by “Ellect” based on its Board and key management composition.



Project Development

- Karibib Phase 1 concentrator Front End Engineering and Design (FEED) completed that support both improved operability and a capital efficient doubling in throughput, with the Namibian project fully permitted and shovel ready.
- Abu Dhabi Phase 1 chemical plant Process Design Criteria finalised, which incorporates design improvements based on operating data from 2022 demonstration plant pilot campaigns, engineering risk assessments and third-party major mechanical equipment vendor testwork.
- Non-process infrastructure development at the KIZAD chemical plant site is well advanced; architectural design of non-process buildings started, design of the process buildings to start on completion of FEED.
- Binding offtake agreement signed with Traxys for 100% of annual lithium hydroxide production for seven years or 35,000t; Traxys also acting as agent for caesium sulphate solution (c.400tpa), with scope to be expanded to other products by mutual agreement.
- Debt financier due diligence well advanced with an Independent Technical Report, Environmental and a Social Due Diligence Review Report completed by BDA; updated Letter of Interest and term sheet provided from U.S. International Development Finance Corp.



Strategic Resource Development

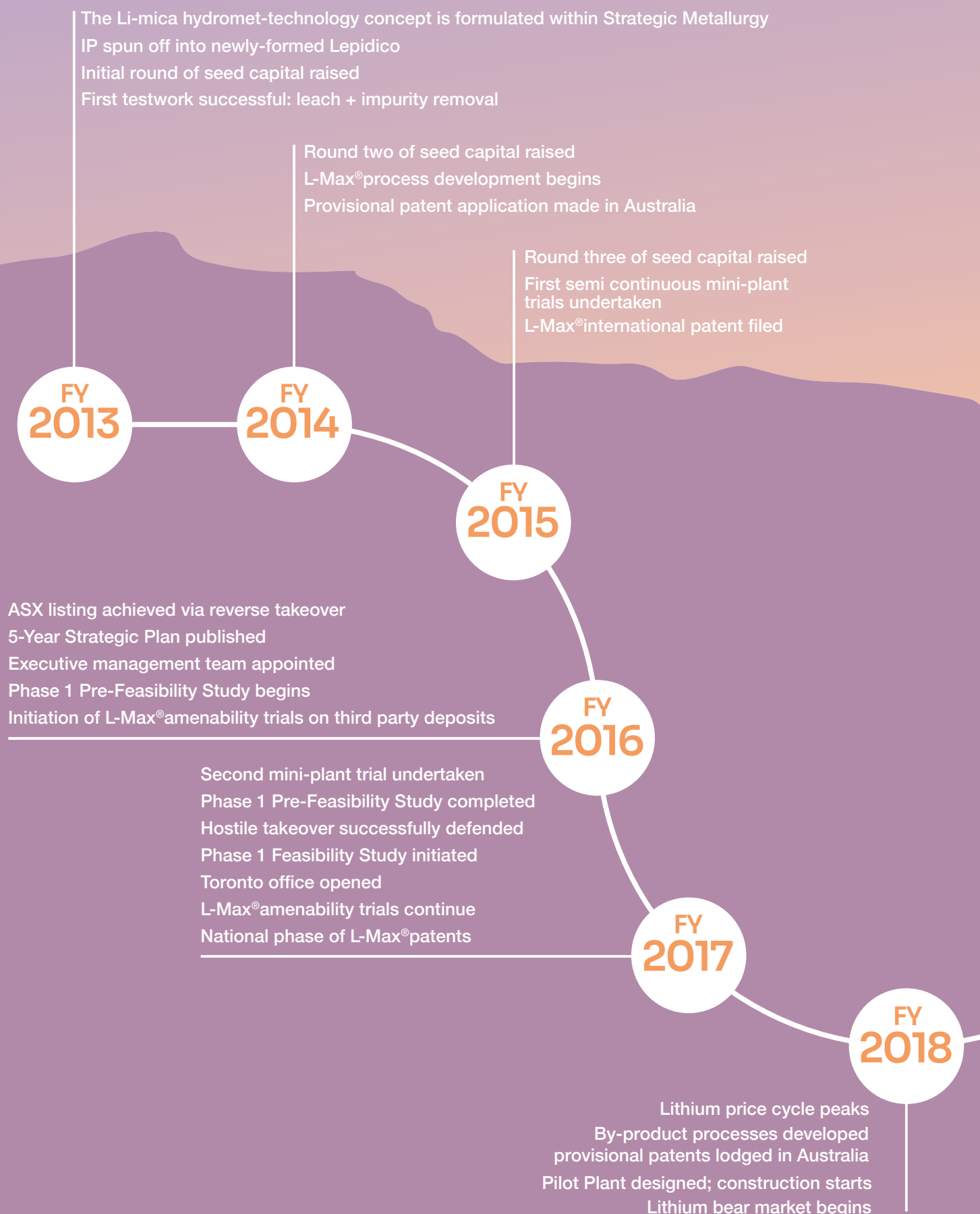
- Resource drilling at Helikon 4 returns some of the best intercepts in the history of the Karibib project, with the weighted average intercept grade of 0.60% Li_2O from new drilling versus the Inferred Resource grade of 0.38% Li_2O .
- Near term target to expand Karibib Measured & Indicated Resources to extend Phase 1 operating life to over 20 years.
- Phase 1 provides the technologies for the world's only source of new caesium and rubidium supply. Critical Minerals for which the U.S. is 100% import reliant; caesium supply is forecast to decline by over 40% from 2020 to end 2022.
- 20 different lithium mica and lithium phosphate deposits globally have been successfully tested for their amenability to produce nominal battery grade lithium chemicals using Lepidico's low emissions technologies, unlocking significant new lithium resource potential.



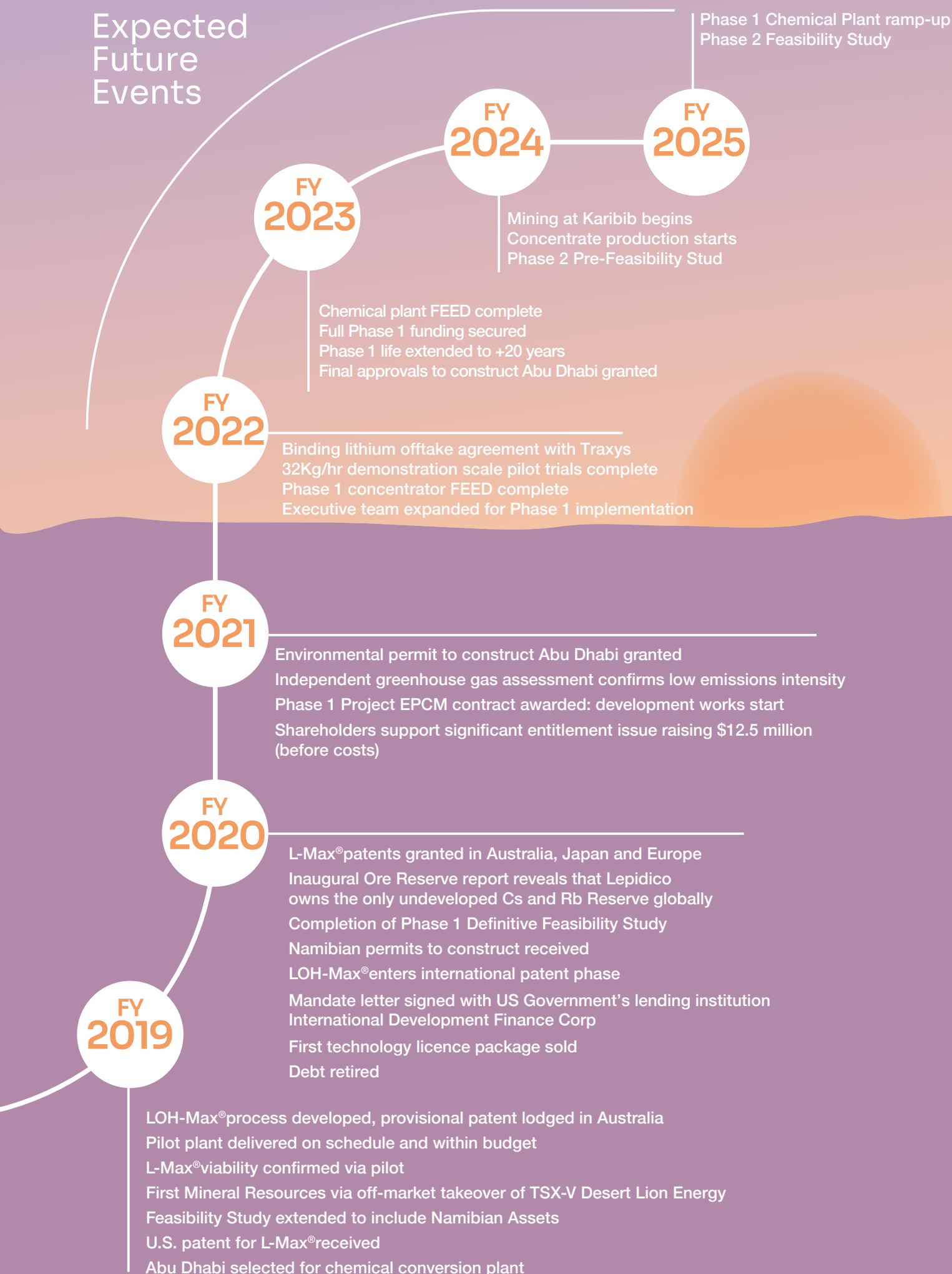
Business/Technology Development

- Phase 2 Scoping Study adapted for 25% of concentrate feed from an expansion that doubles output of Karibib concentrator with the balance sourced from third-party mines.
- L-Max® is being recognised as the “go to technology” for sustainably processing lithium mica minerals due to being a far less energy intensive process solution than conventional roasting, no solid process waste potential and the added benefit of significant by-product revenues.
- LOH-Max® is starting to get recognised as a lower emissions and lower cost solution for direct conversion of lithium sulphate to nominal battery grade lithium hydroxide without production of potentially problematic sodium sulphate, which includes application for spodumene, brine and potentially sedimentary hosted conversion.
- Proprietary alkali metals by-product refining process coupled with L-Max® provides a sustainable solution for the production of three U.S. Government Critical Minerals; lithium, caesium and rubidium.

Our Evolution and Future From Concept to Phase 2



Expected Future Events



Chair's and Managing Director's letter



Security of supply of sustainable raw materials for the energy transition imperative – where lithium is the one constant for mobile energy storage – is becoming increasingly challenging in an ever more complex world. Thankfully, as a society we have now largely transitioned to living with the virus that has controlled us for most of the past two years. However, we are now confronted by its aftermath of skills shortages and inflation, exacerbated by conflict related energy shortages and supply chain disruptions.

Lepidico is fortunate in this context. It operates in relatively socio-politically neutral jurisdictions, Namibia and Abu Dhabi, where essential skills are currently reasonably available. Abu Dhabi also has some of the world's lowest and most stable energy prices, and it is establishing itself as a global leader in the development of new sources of renewable energy that include solar and green hydrogen.

Lepidico is carving a niche as the global leader in sustainable lithium mica processing.

This statement is not made lightly. Our proprietary process technologies are an ideal fit for society's collective decarbonisation challenge due to their low energy intensity, particularly versus conventional roasting, their ability to leverage green hydrogen for industry leading greenhouse gas emissions and there being no solid process waste from chemical conversion.

Testaments to this advantageous position, coupled with Lepidico's compelling strategy are firstly the quality of the executives recruited in 2022 for transitioning the business to construction and onto operations, and secondly the unsolicited inbound interest received in our technologies from the owners of numerous lithium mica assets.

We are thrilled with the appointments of Benedicta, Hans, Roly and Timo, who recently joined Lepidico, doubling the size of the executive management team. Collectively they bring expertise in sustainability, project implementation with specific experience in Abu Dhabi, mining, and chemical processing operations. These skills complement those already within the Company and position us to deliver Phase 1.

There has been a groundswell of third-party interest in our technologies over the past year, in part from explorers that have identified lithium mica rich pegmatites. We have now successfully completed L-Max® amenability tests on samples from 20 different deposits globally and have yet to find a lithium mica concentrate that can't be efficiently converted to a quality lithium chemical. This interest has led us to consider the Phase 2 growth project as an enabler to develop a global market for lithium mica concentrates. We envisage that part of the concentrate feed will come from an expansion of the Karibib concentrator with the balance sourced from multiple lepidolite mines. Lepidico offers a non-roasting 21st century solution for such concentrate producers that allows revenue to be maximised from multiple by-products including strategic Critical Minerals. It can also offer an expedited path to production via the sharing of a concentrator design and engineering package. These attributes make Lepidico the go-to company for a wholistic lithium mica development solution.

Most lithium demand forecasts have evolved rapidly over the past year with several commentators including the U.S. Government's Department of Energy now predicting demand to exceed 3 million tonnes (LCE) by 2030.

Binding lithium offtake for the first 35,000 tonnes of lithium hydroxide from Phase 1 was inked with European trading company Traxys in December 2021. This is a major step forward for the Project and represents an endorsement for both Lepidico's strategy and the lithium market outlook.

In addition, three other key Phase 1 workstreams were materially advanced in 2022 but disappointingly are now scheduled to conclude in the 2023 fiscal year. Piloting of Karibib ore through the expanded demonstration scale L-Max® facility in Perth completed in July 2022, nearly six months behind the original schedule largely due to Covid related impacts. This workstream informs the chemical plant process design that is essential for finalising FEED under the EPCM contract with engineer Lycopodium, which in turn is required for financiers to complete their due diligence.

FEED completed for the Karibib concentrator in 2022, with the design modified to accommodate a capital efficient expansion that will allow concentrate output to double in support of the Phase 2 growth project.

Modifications to the chemical plant design, informed by the results from recent pilot trials coupled with major equipment vendor testwork on samples from the pilot campaigns and an optimised approach favouring local UAE procurement have delayed completion of FEED into the December 2022 quarter. The plant design is a result of extensive risk evaluation and independent technical review, and is far more robust particularly as far as operational flexibility and maintainability are concerned.

Most lithium demand forecasts have evolved rapidly over the past year with several commentators including the U.S. Government's Department of Energy now predicting demand to exceed 3 million tonnes (LCE) by 2030. Over the year the market has transitioned into fundamental deficit and it is difficult to see how the upstream industry will be able to respond to prevent the deficit expanding before the end of the decade. This outlook has influenced both lithium consumer and equity investor sentiment. Chemical supply negotiations with end consumers, not just for lithium but also caesium continued past the end of the year to accommodate growing and evolving interest in securing these products.

Phase 1 funding continues to be founded on Development Finance Institution debt for the Namibian operation and commercial lending into Abu Dhabi, with negotiations well advanced and now awaiting the completion of the chemical plant FEED work. Feedback from lenders has been positive regards the bankability of Phase 1, in part due to Lepidico's approach to risk management via the development of a moderate commercial scale starter project.

In August 2022 the expanded executive management team met in person for the first time in Namibia, where we developed Lepidico's second 5 year strategic plan. The objectives of the first plan are retained, to fast track the business to free cash flow generation by developing a sustainable lithium business that leverages our proprietary technologies. The second plan extends this to embrace growth, by the development of a global market for lithium mica concentrates from third-party mines that provide feed to a larger scale Phase 2 chemical plant. Royalties from technology licenses represent a further opportunity, with one licence package already sold.

As stated in prior years, Lepidico remains committed to a sustainable business model. Implicit in this are industry best practice protocols in the areas of health, safety, the environment, human resources, sustainability, and stakeholder engagement. Lepidico is also striving to be an industry leader in minimising waste generation and emissions, with the objective of the Phase 1 chemical plant being a zero solid process waste facility and industry leading greenhouse gas emissions.

We again thank shareholders for another year of outstanding support on our quest to build a new vertically integrated global chemical company manufacturing quality products for all, for a healthier plant.



Yours Faithfully
Gary Johnson, Chair and
Joe Walsh, Managing Director

The Lithium Industry and its Markets

Tightening continues, incentive prices holding

“In May 2022, Benchmark announced that the lithium industry would need \$42bn of investment to meet 2030 demand. Lithium demand will surpass 1mt LCE for the first time in 2025, with global EV penetration rates set to hit 21%. Lithium demand will surpass 2mt LCE for the first time in 2030, and 3mt LCE by 2033, with EV penetration rates set to hit 34% and 48% respectively.”

- Benchmark Mineral Intelligence (BMI)

After nearly three years of decline, lithium chemical demand turned up in 2021 and continued to accelerate into 2022 with only a muted supply side response, in large part due to the lead time to bring mothballed projects back on line. In Australia, both existing and new supply faced headwinds from an acute skills shortage, supply chain disruptions and inflationary pressures.

The past year has seen most commentators raise their lithium chemical demand expectation, particularly for the second half of this decade. The U.S. Government Department of Energy advised in May 2022 that it expects annual demand to breach 3 million tonnes as early as 2030, three years ahead of BMI's forecast, implying a more than six-fold increase from actual 2021 demand.

This begs the question, “will industry be able to respond in time to satisfy such demand growth?” Permitting continues to be a challenge for many new projects as environmental and social pressures continue to intensify. New developments are also getting more ambitious with several projects slated to produce as much as 100,000tpa LCE; enormous scale versus the prevailing 20,000-25,000tpa modules currently in operation. And even these have experienced considerable delays on commissioning and ramp-up challenges.

The prospect for a deep market imbalance is already manifesting itself. Current market conditions are tight, with deficits set to prevail into 2023 and beyond according to many commentators.

In 2022, spot lithium chemical prices leaped to record highs of over US\$70,000/t LCE, prior to easing back and holding in a US\$60,000-65,000/t range. Contract prices have been slower to respond, however, around fiscal year end prints over US\$50,000t were being recorded, converging towards spot.

Exponential Demand Growth Ahead

Electric vehicle (EV) sales continue to be the key demand driver for battery materials and lithium is a key component with little potential apparent for substitution. EV adoption rates eased in 2021 during the pandemic and associated supply chain disruptions. Despite this EV sales broke new records in 2021, with nearly 10% of global car sales being electric, four times their market share in 2019. Public and private spending on EVs doubled relative to 2020. And more and more countries have pledged to phase out ICEs or have committed to ambitious electrification targets. Five times more EV models were available in 2021 relative to 2015, and most major carmakers have announced plans to further accelerate electrification of their model offerings. This increase in EV model alternatives has driven adoption rates higher still in the first half of 2022.

Global EV sales more than doubled year-on-year in 2021 to more than 6.8 million units, with nearly 52% in China alone. Macquarie commented in August, “electric vehicle sales have continued to grow strongly in 2022 despite rising battery prices, shortages of key components and slowing economic growth. Global sales were up an estimated 57% YoY in January to July and we think sales will hit 10 million vehicles this year.”

The median price of electric cars in China is just 10% more than conventional cars, compared to 45-50% on average in other major markets. However, this is set to change. Government policy is kicking demand into a new gear in the U.S. with the passing of the Inflation Reduction Act, which will only accelerate the need for automakers to secure lithium sources, especially in North America. BMI recently stated, “Government sway is now in play and we are seeing it in full force in the USA and just the beginning in Canada. The lithium ion battery is now geopolitical. And if EVs mean lithium ion batteries, then EVs mean mining.”

Lithium commentators continued to revise their EV adoption estimates upwards during the past year, supported by increasingly aggressive electrification targets by automakers and governments, particularly in North America and Europe. Brazil, Canada, Japan, Italy, South Korea and Mexico amongst others have selected a 30% electric vehicle sales target by 2030, while France, Germany, India, Israel, The Netherlands, Norway and the UK have stated they propose to end internal combustion engine vehicle sales between 2030 and 2040. And the U.S. has set a target for new light vehicle sales of 50% being electric by 2030.

In mid-2022 BMI summarised the outlook for lithium, "Robust EV demand and drought in China in 2022 [have impacted] short-term lithium prices. In the long-term, Benchmark forecasts supply and demand of lithium to somewhat balance in 2026, stabilising prices. But without significant investment soon, the supply deficit will worsen from 2030 as demand skyrockets".

A Year of Two Halfs for Lithium Equities

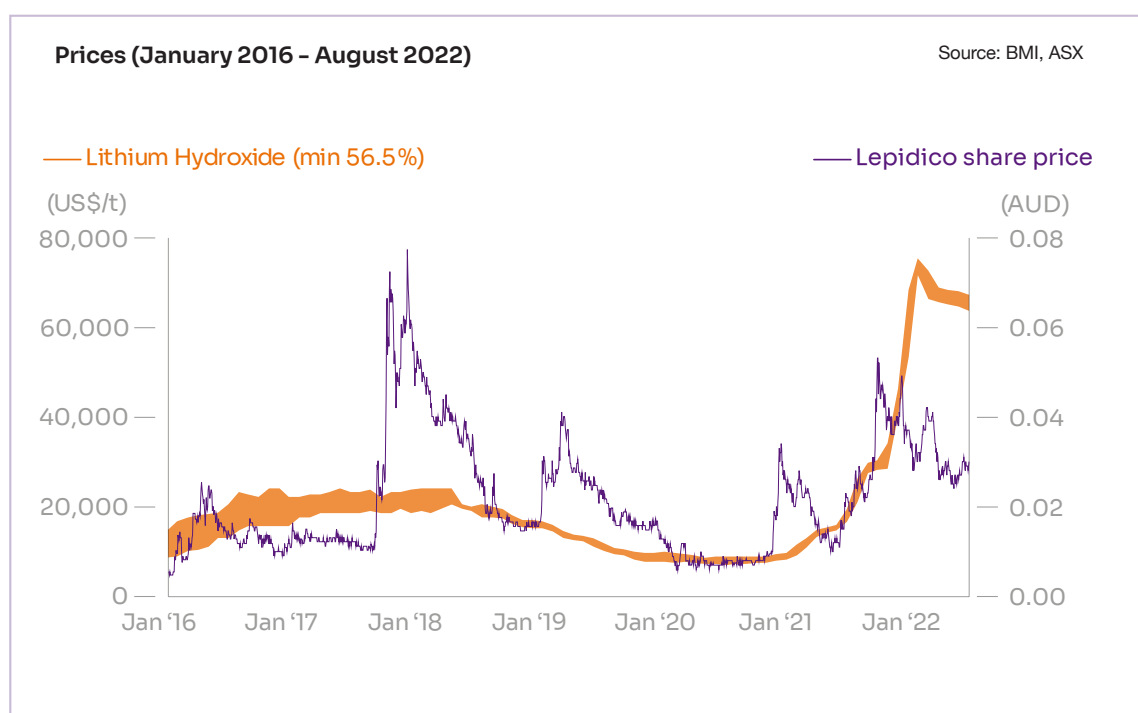
Investor sentiment towards lithium companies approached the euphoric in late 2021 when the Global X Lithium & Battery Tech ETF posted a more than five-fold appreciation from its cycle low of just 18 months earlier. The ETF then retraced over 30% during early 2022 before rebounding. This volatility was multifaceted, caused by geopolitical tensions, hyper-inflation concerns, energy security,

an economic slowdown associated with fiscal tightening in major economies and the impact of renewed Covid-19 lockdowns in parts of China. Lepidico's share price generally tracked the Lithium ETF during the year, apparently being influenced more by macro themes than company fundamentals. Lepidico is relatively well positioned as a project developer, with assets in neutral countries that are less impacted by energy scarcity, energy price volatility and skills shortages.

Revenue Enhanced from By-Products

Lepidico's suite of proprietary process technologies essentially deconstitute the lepidolite concentrate feed into five product streams in addition to lithium, with no solid process waste generated. Significant structural change is occurring in the caesium and rubidium markets, with a single producer emerging following depletion of several sources of pollucite in recent years. Lepidico aims to bring choice and balance back to these markets thanks to its unique technologies that, unlike roasting, extract these Critical Minerals into individual product streams.

Our technologies are also designed to produce three bulk products: SOP, a premium value fertiliser; amorphous silica for sale locally within the UAE as an eco-friendly supplementary cementitious material; and the gypsum rich residue, for which markets have been identified locally.



Project Development

Phase 1 Project Update: Progressing to CashFlow Generation

Development works for the Karibib mineral concentrator and Abu Dhabi chemical conversion plant continued in 2022 under the two Engineering Procurement & Construction Management (EPCM) contracts with Lycopodium Minerals Pty Ltd (Lycopodium). Lycopodium, a leader in integrated engineering, construction and asset management for mineral processing and chemical plants, completed the FEED work for the concentrator, which employs conventional process technology during the year. FEED for the chemical plant has taken longer than originally planned in order to incorporate process design improvements that emanated from the successful pilot plant trials that completed in July 2022, along with optimised procurement based on local UAE sourcing.

Chemical plant FEED is now scheduled to complete in November 2022 with an investment decision expected early in 2023, subject to finance. The Karibib site is shovel ready with all permits in place. Infrastructure development to the chemical plant site at KIZAD (Khalifa Industrial Zone of Abu Dhabi) is well advanced and the essential Environmental Permit to Construct has been awarded.

Mining and commissioning of the concentrator is now scheduled to start later in 2024 with the chemical plant commissioning in 2025. Timing will be dictated by the lead times for delivery on major mechanical equipment.

Vertical integration means that Phase 1 will reap the full value chain benefits - from ore mining to fine chemical manufacture - via our proprietary hydrometallurgical technologies that include L-Max® and LOH-Max®.

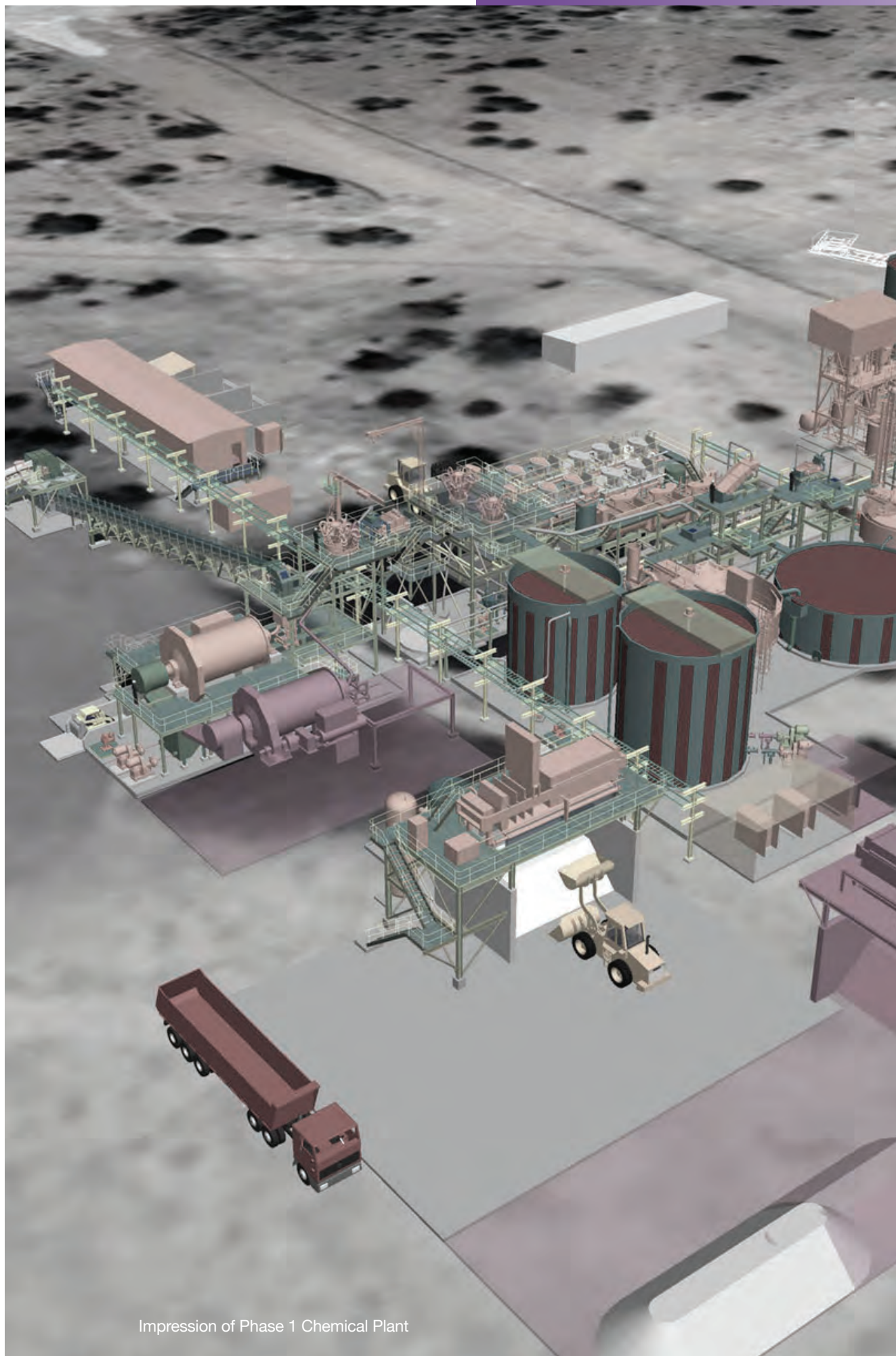
The Fundamentals: Core Project Parameters

Phase 1 involves the production and shipment of lepidolite concentrate from Namibia to the chemical conversion plant at KIZAD in the United Arab Emirates. The conversion plant has a concentrate capacity of 6.9tph (tonnes per hour), capable of producing 5,600tpa. Average annual Phase 1 Project (P1P) output over the project life is estimated at approximately 4,500tpa of battery grade lithium hydroxide monohydrate plus a proportion of out of specification material, and a suite of value add by-products.

The relatively modest scale of Phase 1 is an important part of Lepidico's strategy to grow, whilst managing development and operating risks for stakeholders. The project is designed to be large enough to make an attractive economic return while being sufficiently small to judiciously manage scale-up risk – scale up from recent L-Max® pilot leach trials is just over 200 times.

Attractive investment fundamentals from the May 2020 Definitive Feasibility Study (DFS) include an NPV8% of US\$221 million (A\$340 million) and an Internal Rate of Return of 31% ungeared. Through the FEED process project economics have continued to be assessed, based on interim capital estimates from the engineer, in-house reassessment of operating costs, coupled with the latest lithium price forecasts from BMI. In parallel with this, various value enhancement initiatives have been progressed that include waste minimisation, greenhouse gas emissions reduction and project life extensions via the upgrading of Inferred Mineral Resources to Measured and Indicated categories. These advancements over the past two years imply that Phase 1 is a far more robust project in 2022.

The DFS capital cost estimates meet the Association of the Advancement of Cost Engineering (AACE) Class 3 requirements for a Feasibility Study. The nominal accuracy is +/- 15%. The new control estimates for both processing facilities are being prepared by Lycopodium, with the objective of improving accuracy towards a Class 2 estimate. Underlying engineering is informed by nearly a decade of process development work that includes four continuous pilot plant trials, with the most recent conducted in 2020 at a concentrate throughput rate of 32kg/hr.



Impression of Phase 1 Chemical Plant



Simon Kahovera, Exploration Manager at Helikon 4

Mines & Concentrator: Minimum Disturbance, Maximum Efficiency

Our upstream operations in Namibia, are designed to minimise environmental impacts in large part by maximising the use of land disturbed by previous mining activities. In fact, the previously abandoned mines at Rubicon and Helikon will ultimately be rehabilitated under Lepidico's closure plan and returned to agricultural use thereby improving the environment from its current state.

Redevelopment of two modest scale open pit mines at the Rubicon and Helikon 1 deposits formed the basis for the DFS. Success in 2022 at Helikon 4 in identifying additional high-grade mineralisation versus the current Inferred Mineral Resource estimate provides considerable encouragement for extending mine life beyond 20 years and thereby further remediating land disturbed by historical mining.

A small fleet of one 50-tonne excavator and three 35 tonne dump trucks can adequately support the schedule for the first half of the mine life. Ore will be blended before the concentrator to optimise production and feed quality.

Helikon 1 is a satellite pit located some 7km north of the central concentrator at Rubicon where the greatest tonnage of ore is located. The haul road from Helikon 1 is already developed and conventional trucks will be used for haulage. Helikon 4 is situated just 1km north of Helikon 1 with access already established.

Mine waste from the Helikon satellite pits is planned to be placed into their own Waste Management Area (WMA), constructed adjacent to each pit.

Rubicon mine waste will be placed in a dedicated WMA immediately to the east of the open pit. There, it will be co-disposed with filtered and dewatered tailings from the mineral concentrator and used to construct the walls and to cap the facility at closure. This approach is achievable as the tailings are benign. It also minimises land disturbance, water use and project closure costs. Each WMA will form a stable structure that can be returned to agricultural use.

The mineral concentrator will use conventional crushing, grinding, desliming and froth flotation processes followed by dewatering of concentrate and tailings streams. 85% of the water is recycled for use in the plant.

The lithium principally occurs in lepidolite and lithian muscovite, as well as more modest amounts of the phosphate mineral amblygonite. These minerals lend themselves to concentration via conventional flotation. The overall recovery of lithium to the lithium concentrate is 80-90%, at a concentrate grade

ranging between of 2.5%-4.2% Li_2O . These values vary according to the mineralogy.

The concentrator is designed with efficient cost effective expansion in mind and will go through progressive minor upgrades during the operating life to cater for a declining head grade. It may also be expanded to materially increase concentrate output to support Phase 2 as discussed later.

The general approach to engineering has been to utilise pre-engineered modular plant for the major concentrator sections including crushing, grinding, flotation, dewatering and services. This minimises the amount of project-specific engineering. The equipment can be supplied pre-assembled and skid mounted or containerised, reducing construction effort and commissioning time.

Initially concentrate from Karibib will be bagged and containerised to prevent contamination during its journey to Abu Dhabi for chemical conversion. However, once operational more cost effective alternatives will be risk evaluated. Just five truck movements per day will be required to transport the concentrate bags, 220km to the port of Walvis Bay. From there it will be shipped to the Khalifa container port in Abu Dhabi. KIZAD, where the L-Max[®] plant will be constructed, includes a purpose-built industrial free zone adjacent to the port with truly world class developed infrastructure.

Chemical conversion plant: Patented energy efficiency technologies

L-Max[®], Lepidico's lead proprietary process technology has developed from concept in 2012 to pilot proven via four separate continuous plant programs, each at increased scale. Refinements to the process continued to be made in 2022 via learnings from the latest demonstration scale pilot campaign which led to multiple flowsheet improvements that were incorporated into a revised process design in June 2022. Extensive flowsheet modelling coupled with significant major equipment vendor testwork has resulted in an even more robust process.

Patent protection was received in fiscal 2020 for L-Max[®] in Australia, Europe, Japan and the United States.

The Phase 1 chemical plant is designed to process 56,700tpa (dry) of lithium mica/amblygonite concentrate at a feed grade of up to 4.2% Li_2O , for production capacity of 5,600tpa of lithium hydroxide. The overall lithium recovery from concentrate to lithium hydroxide is estimated at 90%.

During the L-Max® process direct leaching of the input mineral concentrate from the feed negates the need for energy intensive thermal or elevated pressure treatment steps, which are required by many other hard rock lithium conversion processes. The maximum process temperature is just 120°C versus well over 1,000°C for conventional hard rock conversion. Furthermore L-Max® operates entirely at atmospheric pressure.

Crystallisers are used to purify various Phase 1 products with process heat in the form of steam the main potential source of greenhouse gas emissions depending on the energy source. At start-up it is planned that natural gas will be employed. However, the boiler will be hydrogen enabled and when operated on green hydrogen plant emissions are estimated to fall by 60%, allowing Phase 1 to produce possibly the lowest carbon intensity lithium in the industry. More detail is provided on this in the Sustainability Report.

Handling of the leached slurry is a unique part of the L-Max® process. Filtered at moderate temperature the slurry yields a solution containing the valuable alkali metals and a silica-rich filter cake. Effective washing of this cake achieves high lithium recovery to the liquor moving downstream.

The filtered leach liquor, which is also rich in aluminium, is cooled - crystallising an alum solid. This step achieves the separation of lithium from the other alkali metals present; potassium, rubidium and caesium.

Filtering the alum slurry results in the potassium, rubidium and caesium, and most of the aluminium precipitating as solids. The liquor contains the lithium as a sulphate along with small amounts of other impurities.

The filtered alum solids are further treated by a separate patented process, recently dubbed **PCR-Max** to yield potassium, caesium and rubidium products.

The impure lithium-rich liquor is then treated through a series of pH controlled precipitation stages, with limestone and lime, to remove the remaining impurities. The resulting lithium sulphate solution is of sufficient quality to allow the recovery of a high specification lithium product.

LOH-Max® allows the cost-effective production of high purity lithium hydroxide without the co-production of sodium sulphate. Conventional lithium conversion crystallises sodium sulphate via a costly energy intensive process. Furthermore, the sodium sulphate market is mature with limited opportunities for sales growth and disposal is impractical due to the compound being highly soluble.

LOH-Max® represents an elegant solution for the direct hydrometallurgical conversion of lithium sulphate liquor produced from L-Max® to create lithium hydroxide along with a gypsum rich residue. Provisional patent applications for LOH-Max® and PCR-Max advanced in fiscal 2022.

Chemical conversion plant key benefits

- No solid process waste with multiple uses identified for the gypsum rich residue
- Low energy intensity with potential to have industry leading low greenhouse gas emissions when green hydrogen is available for generation of process heat
- Low temperature and atmospheric leach with no roasting or elevated pressure stages required, for reduced process risk and low emissions
- Modest water use associated with the manufacture of all products
- Technology research and development spans 10 years; successfully piloted through four progressively larger plants reducing Phase 1 scale-up to just over 200 times
- Multiple products maximise and diversify revenue
- Conventional processing equipment and non-exotic materials of construction
- Processes are scalable; Phase 1 is designed to demonstrate commercial viability while minimising risk; the Phase 2 concept is intended to generate economies of scale

Business Development

Three Key Workstreams to Deliver Phase 1

Three key workstreams to transition Phase 1 into the construction phase materially advanced in fiscal 2022:

- securing the required permits and approvals
- entering into binding offtake agreements
- arrangement of a full project funding package

1. Permits & Approvals

Karibib is fully permitted for the re-development of the two open pit mines at Rubicon and Helikon 1, as well as for the construction and operation of the centralised mineral concentrator. Major permits include the Mining Licence (ML204), water extraction permit and Environmental Compliance Certificates (ECC) for the Project, and a separate ECC awarded for the overhead power transmission line.

Of note, the mining licence was granted in 2018 for a period of ten years - covering all currently identified Mineral Resources at Karibib, as well as many high-priority lithium pegmatite exploration targets.

The latter represent opportunities to expand the Mineral Resource to extend Phase 1 operating life and support a Phase 2 Project development. Water extraction at Karibib is governed by a standalone permit that could support a doubling in concentrate production, which underpins the Phase 2 scoping study.

The Environment Agency of Abu Dhabi (EAD) provided Lepidico with an environmental approval to construct in fiscal 2021. This allowed a Musataha Agreement with Abu Dhabi Ports (ADP) to be executed in 2022 securing the site for the Phase 1 chemical plant at KIZAD for an initial term of 25 years. The associated Affection Plan was subsequently granted allowing Lycopodium to start works with a local engineer on infrastructure and tie-ins.

At fiscal year end non-process infrastructure development at the KIZAD plant site was well advanced; architectural design of non-process buildings had started, with design of the process buildings to start on completion of FEED.

2. Offtake

A major project milestone was reached in December 2021 with the signing of a binding offtake agreement for sales-marketing, logistics and trade finance with Traxys Europe S.A. (Traxys) for 100% of the lithium hydroxide produced from Phase 1 over the first 7 years of operation. In addition, Traxys will act as agent for 100% of the production of caesium sulfate solution from the chemical plant.

The Traxys Group, headquartered in Luxembourg, is a multinational marketer, distributor and trader of base metals, concentrates, chemicals, industrial minerals, rare earths, uranium, materials for steel mills and foundries, and minor and alloying metals. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 450 employees, in over 20 locations worldwide. Traxys has annual turnover in excess of US\$7 billion.

The agreement is for Traxys to act as principal to purchase and assume title and risk for delivery of lithium hydroxide and on-sell the products to end users. The structure also allows the flexibility for Lepidico to originate offtake, with Traxys still contracting as the consumer interface. Traxys will manage the logistics of finished products, provide credit terms to end customers and a trade finance facility to Lepidico.

The relationship between Lepidico and Traxys is transparent with both parties collaborating on final customer selection and development, and end-user contract terms for lithium hydroxide and caesium sulfate. It is expected that the majority of volumes sold to Traxys for on-sale to customers will be on a back-to-back contract basis with pricing to be agreed with the end-user customer. For lithium, the agreement also accommodates instances where volume is supplied on a market price index linked basis, with a quarterly true up or reconciliation. The net commissions earned by Traxys are competitive within the industry for such an arrangement. At year end negotiations were well advanced for supply of lithium hydroxide to manufacturers within the electric vehicle supply chain.

Excellent demand continues to be seen for the Phase 1 caesium product, while the rubidium market is far more opaque, necessitating a multifaceted approach to product development in collaboration with both industry and universities.

Great progress has been made in marketing the Phase 1 SOP, a premium value fertiliser as well as the amorphous silica for sale locally within the UAE as an eco-friendly supplementary cementitious material.

Considerable interest has been received for the gypsum rich residue, which has been successfully tested for multiple uses including as a soil conditioning material and in various construction applications.

3. Finance

Lepidico has been working with specialist debt advisor Lion's Head Global Partners (LHGP) since December 2019. LHGP has specialist capabilities in our geographies of Africa, the UAE, Europe and the United States.

In October 2020, Lepidico entered into a formal Mandate Agreement with the U.S. Government's International Development Finance Corporation (DFC). Detailed due diligence on the Project, with a view to providing debt finance for the Namibian developments continued throughout fiscal 2022. Behre Dolbear Australia Pty Ltd, independent engineer to DFC, completed both environmental and social due diligence on Phase 1 as well as a technical review. At year end it had started a review of the 2022 pilot plant trial results to round out this essential workstream. Towards year end DFC provided an updated Letter of Interest and term sheet for lending to the Namibian project. The process, managed by LHGP, for securing lending from commercial lenders for the Abu Dhabi development is also well advanced.

Business Development: Phase 2 & Technology Licences

Phase 2 Preparation

Completion of FEED works for the Phase 1 concentrator allowed a debottlenecking and expansion study to be undertaken during the year. Existing water infrastructure and the planned power supply have capacity to support a doubling of the ore milling rate to 520,000tpa. Preliminary results from the expansion review indicate that a doubling of throughput on higher grade lepidolite ore could support a doubling of concentrate output in an extremely capital efficient manner.

Positive exploration results at Helikon 3-4 and encouragement from regional exploration activities in fiscal 2022, coupled with unsolicited interest from owners of lithium mica assets justified a review of Phase 2 development options. An additional 5-7 million tonnes of near surface Measured-Indicated Mineral Resources at Karibib of similar grade to Rubicon-Helikon 1 is sufficient to support a Pre-Feasibility Study on a Phase 2 chemical plant project of similar scale to Phase 1.

However, additional sources of concentrate from third-party lithium mica mines could support a significantly larger chemical conversion plant and lead to the development of a global market for lithium mica concentrates. Walvis Bay in Namibia and Abu Dhabi will continue to be evaluated as prospective locations for a Phase 2 plant along with locations in the U.S.. The Scoping Study contemplates a nominal output capacity of 20,000tpa LCE.

Technology Licences

Lepidico sold its first technology licence in December 2020 to Cornish Lithium Ltd (CLL), a privately-held UK company. CLL is pioneering the development of lithium mica deposits in the large St Austell granite complex in southwest England.

The collaboration with CLL is to pioneer Lepidico's technologies on zinnwaldite and polyolithionite mineralisations, to complement the extensive work already completed by Lepidico on lepidolite and lithium muscovite.

Resources, Reserves and Exploration

The Current Overview

Karibib Lithium Project

The Karibib Lithium Project comprises two tenements covering 234km² of the Karibib Pegmatite Belt in central Namibia. This northeast-southwest trend contains numerous pegmatites, many of which are highly fractionated LCT-type (lithium-caesium-tantalum) that can contain economic concentrations of alkali metal rich minerals.

The project area contains some of the largest known LCT-type pegmatites in the region, namely, the Rubicon pegmatite and the Helikon group pegmatites. The dominant lithium minerals in these pegmatites are lepidolite, lithium-mica and petalite.

The Company's current Mineral Resources occur at the Rubicon pegmatite and at five pegmatites in the Helikon field (Helikon 1 - 5). All lie within the granted Mining Licence, ML 204 (Figure 1).

Small-scale mining occurred periodically at the Rubicon and Helikon pegmatites from the 1930s to the mid-1990s, primarily for beryl, tantalite and petalite for use in the ceramics industry. As a result,

over 95% of the remaining lithium minerals within current Mineral Resource are lepidolite, lithian muscovite and amblygonite (a lithium phosphate mineral), which are all amenable to the Company's proprietary process technologies.

Mineral Resources

Total Mineral Resources at the Karibib Lithium Project stand at 11.87Mt @ 0.45% Li₂O.

The current Mineral Resource estimates (MREs) for Rubicon and Helikon 1 were prepared by Snowden Mining Industry Consultants (Snowden) in accordance with the JORC Code (2102) and reported to the ASX in January 2020. This work was supported by an infill diamond core drilling program comprising 86 holes for 5,164m completed by Lepidico after it acquired the project in 2019.

Measured and Indicated Resources at the two pegmatites at Rubicon and Helikon 1 total 8.87Mt @ 0.43% Li₂O. These MREs also include estimates for the recoverable metals caesium, rubidium and potassium. As reported by Lepidico to the ASX in July 2019, the MREs for Helikon 2 - 5 were prepared by The MSA Group prior to Lepidico's involvement and do not include assay data for caesium, rubidium or potassium at this time.

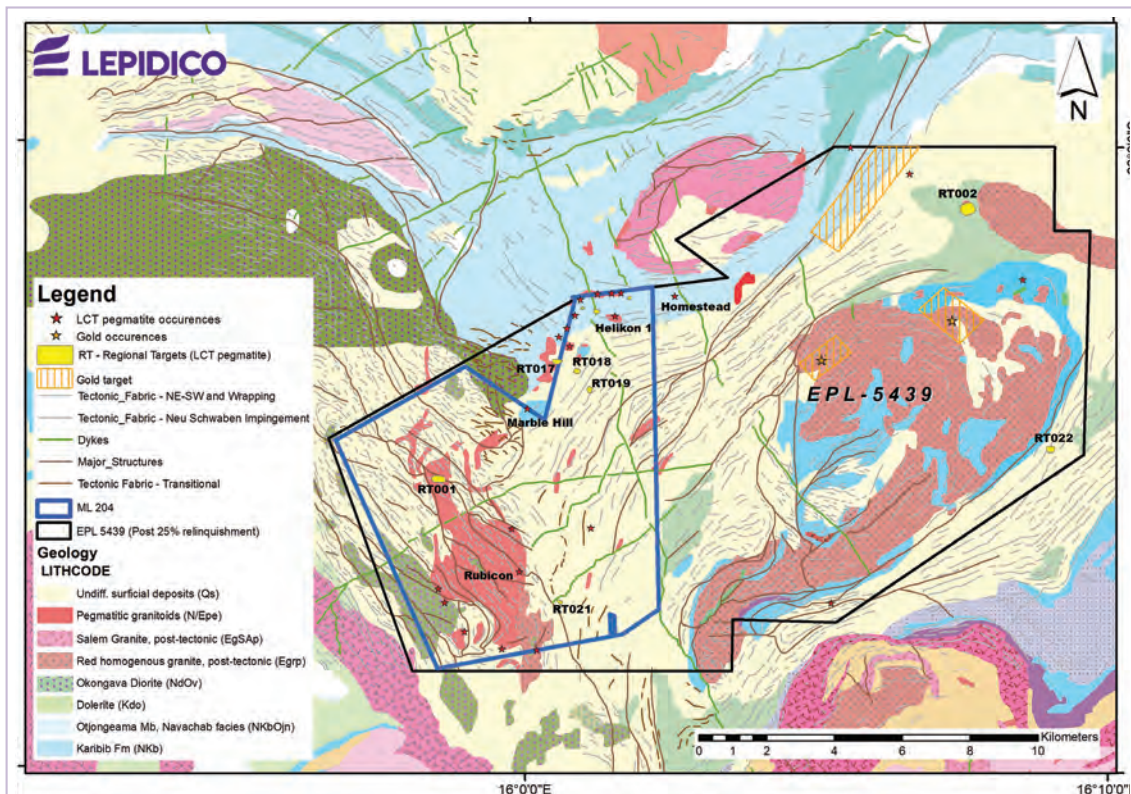


Figure 1. Tenements and geology of the Karibib Lithium Project in central Namibia.

The pegmatites are generally zoned with a central quartz core fringed by petalite with lepidolite-rich zones occurring adjacent and peripheral to the petalite. During historical mining, some of the lepidolite and other lithium mica mineralisation was mined to access the petalite and discarded in surface stockpiles or reported as tailings from processing. Lepidico completed a program of work on the stockpile material to enable the reporting, in March 2021, of Mineral Resources classified under the JORC Code (2012).

Pit optimisations on the Rubicon and Helikon 1 deposits undertaken by Australian Mine Design and Development Pty Ltd (AMDAD) demonstrate these Mineral Resources to be potentially economic at a cut-off grade of 0.15% Li₂O.

Ore Reserves

The dip, geometry and near surface location of the mineralised zones at Rubicon and Helikon 1 are suitable for conventional open pit truck and shovel operations, with drilling and blasting required to fragment mineralised and waste rock.

An industry standard approach to mine planning has been undertaken:

- Whittle 4X™ pit optimisation was used by AMDAD to define the location and shape of the open pits for the mine plan.
- The software uses stable pit wall slopes, mining, processing and administration operating costs, process recoveries and product prices to determine the highest value pit shell.
- It accounts for the interactions of these inputs with the deposit geometry, the depth, width and orientation of the mineralised zones and the grade distribution of the target product within those zones.
- The highest value, or optimised, pit shell is then used to guide design of a practical working pit including wall slope designs and access roads.

Pit wall slopes are based on a geotechnical assessment by engineers Pells Sullivan and Meynink. The geotechnical assessment was based on:

- (i) dedicated geotechnical drilling in final pit walls;
- (ii) mapping of fault structures;
- (iii) core assessment and physical rock testing; and
- (iv) failure modelling.

Inter ramp angles are 55° based on 15m high benches with 8m berms.

The Rubicon and Helikon 1 pit designs have been completed in four and two stages, respectively. The stages have been selected based on value, grade, and strip ratio criteria. The Ore Reserves Statement has been prepared by AMDAD in accordance with the guidelines of the 2012 Edition of the JORC Code. This was reported to ASX in May 2020.

The Karibib Lithium Project Ore Reserve is understood to be unique, being the only estimate globally that includes lithium, caesium and rubidium, completed in accordance with the JORC Code, in addition to the other valuable alkali earth metal potassium.

This is a function of the rich metal endowment of the mineral lepidolite – K(Li,Al)₃(Al,Si,Rb, Cs)₄O₁₀(F,OH)₂ – the dominant lithium mineral at Karibib.

Resource Development & Exploration

Lepidico is maximising the value of its exploration via programs that target a range of valuable metals that are prospective in the Karibib region. In addition to lithium, caesium and rubidium, this includes tantalum, gold, copper and tungsten.

With the easing of Covid-19 restrictions exploration was able to recommence with a range of Mineral Resource development and exploration programs completed during the year.

Work included:

- Targeting blind LCT-type pegmatites using an in-house developed algorithm
- Soil testing with a portable XRF analyser using Rb as a proxy for Li
- Scout drilling of regional targets
- Initial phase drilling of Marble Hill and Homestead pegmatites
- Near-mine drilling to test extensions of the Rubicon pegmatite
- Detailed sampling of Rubicon stockpiles to upgrade MRE to Indicated
- Resource drilling of Helikon 4 pegmatite to upgrade MRE to Measured and Indicated

Resource development activities concentrated on the Helikon 4 pegmatite and the Rubicon stockpiles, with the aim of upgrading the current Inferred Mineral Resources to Measured and Indicated categories and therefore allow them to be included in the Phase 1 mine plan.

The first phase of drilling at Helikon 4 comprised 20 holes for 1,612m of mostly reverse circulation (RC) drilling, with six holes completed with diamond tails. The results of this phase were reported on 27 June 2022 and included:

- 40.0m @ 1.08% Li₂O from massive and disseminated lepidolite in hole HRCH033
- 34.8m @ 1.25% Li₂O from massive and disseminated lepidolite in hole HRCHD035
- 20.0m @ 1.16% Li₂O from a zone of albite with disseminated lepidolite in hole HRCH039

An additional phase of RC drilling of 18 holes for 1,487m was completed at Helikon 4 subsequent to year end in August 2022.

Updated MREs for both the Rubicon stockpiles and Helikon 4 are planned for October 2022.

The success at Helikon 4 led to a similar drilling program being designed for the Helikon 2 and Helikon 3 pegmatites to test for mineralisation in undrilled zones between the known deposits. This work is planned for fiscal 2023.



Core trays at the Karibib project core shed containing drill core from Helikon

Karibib Mineral Resource Estimate

Deposit	Resource Category	Tonnes (Mt)	Li ₂ O (%)	Rb (%)	Cs (ppm)	Ta (ppm)	K (%)	Cut-off (% Li ₂ O)	Effective Date
Rubicon*	Measured	1.56	0.53	0.28	335	47	2.24	0.15	28.01.2020
	Indicated	5.72	0.36	0.20	232	37	2.11	0.15	28.01.2020
Helikon 1	Measured	0.64	0.65	0.25	520	61	1.90	0.15	28.01.2020
	Indicated	0.94	0.50	0.22	531	74	1.81	0.15	28.01.2020
	Inferred	0.17	0.70	0.29	1100	150	2.18	0.15	28.01.2020
Helikon2	Inferred	0.22	0.56					0.20	18.10.2018
Helikon3	Inferred	0.29	0.48					0.20	18.10.2018
Helikon4	Inferred	1.51	0.38					0.20	18.10.2018
Helikon5	Inferred	0.18	0.31					0.20	18.10.2018
Rubicon tailings	Indicated	0.07	0.99	0.42	538	60		0.00	29.01.2021
Rubicon stockpiles	Inferred	0.41	0.84					0.00	10.03.2021
Helikon stockpiles	Inferred	0.16	0.65	0.23	535	125		0.00	21.02.2021
Project Global	Measured	2.20	0.57	0.27	389	51	2.14		21.02.2021
	Indicated	6.73	0.39	0.21	277	42			29.01.2021
	Inferred	2.94	0.50						10.03.2021
	Total	11.87	0.45						10.03.2021

Notes: no cut-off applied to stockpiles on the assumption that all such material would be processed; some errors due to rounding

Karibib Ore Reserve Estimate (effective date 27 May 2020)

Pit	Mt	Li ₂ O %	Rb %	Cs ppm	Ta ppm	K %
Rubicon Pit						
Proved	1.38	0.55	0.28	350	50	2.17
Probable	3.94	0.38	0.20	230	40	2.03
Pit Total	5.32	0.43	0.22	260	40	2.06
Waste	22.84					
Waste: Ore Ratio	4.30					
Helikon 1 Pit						
Proved	0.55	0.69	0.26	560	60	1.93
Probable	0.85	0.51	0.22	550	80	1.79
Pit Total	1.40	0.58	0.24	550	70	1.85
Waste	2.51					
Waste: Ore Ratio	1.80					
Total Project						
Proved	1.93	0.59	0.28	410	50	2.10
Probable	4.79	0.41	0.21	290	40	1.99
Total Ore	6.72	0.46	0.23	320	50	2.02
Waste	25.35					
Waste: Ore Ratio	3.80					

Competent Person Statements

The information in this report that relates to the Rubicon and Helikon 1 Mineral Resource estimates is extracted from an ASX Announcement dated 30 January 2020 ("Updated Mineral Resource Estimates for Helikon 1 and Rubicon"). The Mineral Resource estimates were completed by Vanessa O'Toole of Snowden Mining Consultants Pty Ltd in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Helikon 2 to Helikon 5 Mineral Resource estimates is extracted from an ASX Announcement dated 16 July 2019 ("Drilling start at the Karibib Lithium Project"). The Mineral Resource estimates were completed by Jeremy Whitley of the MSA Group (Pty) Ltd in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the surface stockpiles Mineral Resource estimates is extracted from an ASX Announcement dated 12 March 2021 ("Karibib Mineral Resource Expanded"). The Mineral Resource estimates were completed by Stephen Godfrey of Resource Evaluation Services in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Rubicon and Helikon 1 Ore Reserve estimates is extracted from an ASX Announcement dated 28 May 2020 ("Definitive Feasibility Study delivers compelling Phase 1 Project results"). The Ore Reserve estimates were completed by John Wyche of Australian Mine Design and Development Pty Ltd in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

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.



Lepidico geologist, Vaino Shihepo and field technician, Shyrlock Muukwa at the Helikon 4 drilling station, logging drill chips.

Board of Directors and Management

Board of Directors



Mr Gary Johnson MAusIMM, MTMS, MAICD
Chairman (Non-executive) Appointed 9 June 2016

Gary has more than 40 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.

Gary is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.



Mr Julian "Joe" Walsh BEng, MSc
Managing Director (Executive) Appointed 22 September 2016

Mr Walsh is a resources industry executive, mining engineer and geophysicist with more than 30 years' experience working for mining and exploration companies and investment banks in mining related roles. Joe joined Lepidico as Managing Director in 2016. Prior to this he was the General Manager Corporate Development with Pan Aust 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 has extensive equity market experience and has been involved with the technical and economic evaluation of many mining assets and companies around the world.



Mr Mark Rodda BA, LLB
Non-Executive Director Appointed 24 August 2016

Mark is a lawyer and consultant with more than 20 years private practice, in-house legal, company secretary and corporate 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, for in excess of \$6 billion, Mark held the position of General Counsel and Corporate Secretary for LionOre International Ltd, a company with operations in Australia and Africa and listings on the TSX, LSE and ASX.



Ms Cynthia Thomas B.Com, MBA
Non-Executive Director Appointed 10 January 2018

Ms Thomas has more than 30 years of banking and mine finance experience and is currently the Principal of Conseil Advisory Services Inc. (Conseil), an independent financial advisory firm specialising in the natural resource industry which she founded in 2000. Prior to founding Conseil, Cynthia worked with Bank of Montreal, Scotiabank and ScotiaMcLeod in the corporate and investment banking divisions. Cynthia holds a Bachelor of Commerce degree from the University of Toronto and a Masters in Business Administration from the University of Western Ontario.

Key Management

Ms Shontel Norgate

Chief Financial Officer, Joint Company Secretary Appointed 14 November 2016

Shontel 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 experience in finance and administration. Prior to joining Lepidico, Shontel was CFO for 10 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 NL, both listed on the ASX and commenced her career as an auditor with Price Waterhouse (now PriceWaterhouseCoopers).



Mr Hans Daniels BSc eng

General Manager Operations UAE Appointed 11 July 2022

Hans is a chemical engineer with a well-developed career in manufacturing. Prior to him joining of Lepidico in July 2022, he was the Global Leader Physical Products of Songwon Industrial Group. He began his career at Songwon in 2013 as the key figure in the construction and start-up of the state-of-the-art manufacturing plant in Abu Dhabi.

Besides managing operations in Abu Dhabi, Hans was also responsible for overseeing the successful running of Songwon's OPS manufacturing plants worldwide.

Prior to Songwon, Hans gained many years of industry experience in production, logistics and management with the global specialty chemicals and performance materials leader, Cabot. This after a stint at Fluor, one of the world's largest engineering, procurement, fabrication, construction and maintenance companies.

Hans holds a Bachelor of Science (B.Sc.) in Chemical Engineering from The Hague University of Applied Sciences.



Mr Tom Dukovcic BSc, FCA (ICAEW), FCIS

General Manager – Geology Appointed 22 April 1999

Tom is a geologist with more than 30 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. Tom is a member of the Australian Institute of Geoscientists and a Member of the Australian Institute of Company Directors.



Mr Timo Ipangelwa

General Manager Operations Namibia Appointed 1 August 2022

Mr. Timotheus (Timo) Ipangelwa is an experienced mining engineer and company executive. An alumnus of the University of the Witwatersrand, he is currently pursuing a Master of Business Administration with the University of the Stellenbosch Business School. Before joining Lepidico Timo served for 8 years as Mining Head for the Husab open pit mine operated by Swakop Uranium, where he was responsible for operational readiness for project start-up, recruitment, commissioning, ramp-up to design capacity and operational improvement. Prior to this Timo worked in various technical, operational and management roles for Namdeb Diamond Corporation (Pty) Ltd, Navachab Gold Mine (AngloGold Ashanti Limited) and Vedanta's Skorpion Zinc Mine. His interest for the people of Namibia, safety and for the overall improvement of the mining industry in the country has transcended his mining career Roles. Timo serves as a Commissioner for the Mineral Ancillary Rights in Namibia, as Deputy Chairperson – National Steering Committee Meeting for Centre for Mining Metallurgical Research and Training (CMMRT) and on the Curriculum advisory board of the Mining Engineering Department at Namibia University of Science and Technology.



Key Management (continued)



Ms Benedicta Uris

Candidate MSc Sustainable Development, MBA, MGMT: HSE

General Manager Sustainability & Country Affairs Namibia Appointed 20th April 2022

Benedicta has over 20 years' experience working in occupational health, safety and environmental roles, including stakeholder engagement and community development. She started her career in the field in Shell Upstream and subsequently moved to Shell Downstream in HSEC roles covering the Africa region and eventually the Global Supply & Distribution business as EHS Planning and Strategy lead, based in the UK. Moving to the mining industry, she held similar roles in Rio Tinto, and most recently was the Director ESG at the Dundee Precious Metals Tsumeb smelter. She is currently a candidate for the MSc Sustainable Development (University of Sussex).



Mr Roland "Roly" Wells

ARMIT(Civil), ARMIT(Mining), FAusIMM, GAICD
Project Director (Executive) Appointed 01 September 2022

Mr Wells is a resources industry development executive with over 30 years' hands-on leadership experience in the development of multi-discipline Australian and international, greenfield and brownfield mine and processing plant projects. Roly has undertaken projects in isolated areas of Mali, North Queensland, Western Australia and PNG as well as in rural areas of China and Ireland. Roly has successfully completed three start-up projects for Australian publicly listed mining companies embarking on their first projects in Papua New Guinea, Queensland and New South Wales.



Mr Alex Neuling

Joint Company Secretary Appointed 30 September 2016

Alex is a Chartered Accountant and Chartered Secretary with extensive corporate and financial experience including as director, chief financial officer and/or company secretary of a number of 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 several 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.

Sustainability



2022 Achievements

- No recordable health and safety incidents were recorded in 2022: Lepidico maintains its zero-harm Health & Safety performance since records began in September 2016.
- General Manager Sustainability, Benedicta Uris, appointed based in Namibia, demonstrating our commitment to sustainable development and Good International Industry Practice.
- Over 800 direct and indirect jobs are planned to be created in the Karibib district for the Phase 1 operations, equivalent to 15% of the local population where unemployment is estimated at 30%, thereby providing significant socio-economic benefits.
- Long term environmental benefits associated with the planned Karibib mine and concentrator redevelopments led to their assessment as a Category B¹ Project in terms of the Equator Principles and International Finance Corporation (IFC) processes.
- Phase 1 greenhouse gas (GHG) emissions are, “low compared with other emission intensities reported or derived from lithium hydroxide production facilities”, according to a third-party evaluation.
- Green hydrogen manufacture is being fast-tracked at KIZAD, which could lead to integrated Phase 1 Scope 1 and 2 emissions falling by 60% to best in class performance of c. 3.0tCO₂-e/t LCE.
- Water use for the vertically-integrated project lithium hydroxide production is estimated at just 33m³/t LCE, with 85% of water designed to be recycled for the Namibian operations with natural aquifer regeneration data exceeding nett extraction.
- Land use footprint in Namibia maximises use of previously disturbed mining areas. The UAE plant, within a designated industrial park, occupies just 5.7 hectares.
- Lepidico now complies with all ASX Principles of Good Corporate Governance and Best Practice Recommendations that can be achieved with the current Board composition, with further improvement envisaged as skills are added to meet business growth plans.
- Australian not for profit organisation Ellect completed gender equality ratings for all ASX listed companies, with Lepidico having a score in the top 5% based on its Board and key management composition.
- Lepidico remains committed to the Initiative for Responsible Mining Assurance (IRMA) for independent third-party verification and certification on social and environmental performance standards. Work commenced to get to IRMA-ready status.
- Community initiatives: a business registration and entrepreneurship workshop for women and youth was held in the town of Otjimbingwe, Namibia; and fire and water trailers were acquired to service the Karibib site and local farmer community, where there have been instances of scrub fires.
- In line with Namibian Chamber of Mines guidelines relating to community investment in non-mining regions in the country, the Tukwafela Sewing project was supported with an Industrial Sewing Machine and Materials. The project was established and run by a group of unemployed women.

¹ It is classified as Category A by the US Development Finance Corporation, which classifies all mining projects under this category.

Sustainability

Key Actions Discussion

Environmental stewardship, social responsibility and corporate governance are key tenants for any sustainable business. Stakeholders, be they governments, local communities, investors, financiers, customers or suppliers, require visibility in these areas in order to effectively manage their own affairs and report effectively.

Lepidico requires the same reciprocity from its stakeholders, ensuring ethical practice throughout the supply chains we participate in.

Environmental Stewardship

Governments around the world are enforcing ever more stringent greenhouse gas emissions standards on electric vehicle manufacturers (OEMs), which includes emissions associated with the raw materials they employ. For lithium chemical suppliers this ethical sourcing extends to evaluation of water and land usage, both of which can be challenging for certain types of lithium deposits and processes.

Lepidico's Phase 1 Project has relatively low greenhouse gas emissions, modest water usage, and a small land disturbance footprint.

Coupled with environmental improvements in Namibia at the end of mine life - and there being no production of sodium sulphate from our chemical conversion plant - leads us to believe Phase 1's aggregate environmental credentials are industry-leading.

One environmental incident was recorded during the year. A scrub fire was started just outside the Mining Lease and EPL areas by a grader contracted by Lepidico to develop fire breaks along access roads to site. The fire was brought under control with no injury or impacts to local farmer livestock. The incident was investigated and revisions to procedures implemented to prevent a recurrence. Scrub fires remain a significant risk during dry seasons that follow higher rainfall wet seasons such as occurred in 2022.

Greenhouse Gas Emissions, Energy Management and Climate Impact

Summary:

Phase 1 greenhouse gas emissions represent the sole material impact to the climate. Relative to other hard-rock lithium production these emissions are low, with opportunities identified to make the Project best-in-class within the industry.

A carbon footprint assessment of the integrated Phase 1 Project Definitive Feasibility Study (DFS) was completed in 2021 by leading industry consultant GHD Pty Ltd (GHD).

Scope 1 and 2² emissions intensity from the Abu Dhabi chemical conversion plant is 7.46t CO₂-e/t³ lithium hydroxide, which GHD advised as being, "low compared with other emission intensities reported or derived from lithium hydroxide production facilities."

Upstream mining and mineral concentration at Karibib have an emissions intensity of 0.13t CO₂-e/t concentrate (1.37t CO₂-e/t lithium hydroxide), which is, "comparable with other similar lithium mine and concentrator projects."

While the DFS designs evaluated incorporate energy efficient technologies including waste heat recycling, Lepidico has since identified several new paths to substantially reduce implied CO₂ emissions. Together, these may reduce to impact to less than 3.0t CO₂-e/t LCE.

The main source of Phase 1 GHG emissions (60%) is the use of natural gas in the KIZAD chemical plant boiler. While solar pre-heating of boiler feed water will incrementally reduce gas consumption, the greater prize is to futureproof the plant by installing a hydrogen-enabled or hydrogen-ready boiler. This will allow the decarbonisation of all process heat when burning green hydrogen.

The United Arab Emirates is set to become a world leader in green hydrogen manufacture with the Abu Dhabi National Energy Co (TAQA) and Abu Dhabi Ports (ADP) announcing plans for a green hydrogen and ammonia facility at KIZAD, with electrolyzers powered by a 2GW single site solar power plant.

² Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

³ Tonnes of carbon dioxide equivalent.

Other green hydrogen initiatives within KIZAD are also on the drawing board.

At Karibib, the largest single Scope 1 emission is associated with diesel fuel usage, of which 28% will be consumed by trucks hauling ore and mine waste. Electrification of this small truck fleet is envisaged via equipment lease once suitable units become available.

Grid power supplied at Karibib already includes a significant renewable component with more projects planned in the coming years. By 2025 it is estimated that 80% of power will be generated from renewable sources. The UAE is also committed to progressively decarbonising its grid with 25% of non-fossil fuel supply planned by 2023.

The TAQA KIZAD Solar PV Park is a 2.0GW solar PV power project which is planned to commission in 2025. The US\$1.84 billion project, which should provide solar power to KIZAD is being developed jointly by TAQA and ADP. Access to such renewable power coupled with existing non-greenhouse gas emitting base load should allow Phase 1 chemical plant Scope 2 emissions to be reduced to zero.

Integrated Phase 1 DFS Scope 1 & 2 emissions and reduction opportunities

Source	DFS		Opportunity		Comment
	Scope 1	Scope 2	Scope 1	Scope 2	
Diesel: mine haulage	1,589		0		Electric mine haulage trucks
Diesel: other	4,075		4,075		Part electrification of mobile/fixed plant to be assessed
Wastewater treatment	20		20		To be assessed
Grid power		2,273		0	Off-grid modular concentrated solar power
Karibib sub-total	5,684	2,273	4,095	0	Intensity: 0.7t CO ₂ -e/t LCE
Natural gas (heat)	31,292		0		Green hydrogen enabled boiler with solar pre-heat
Process CO ₂	13,281		13,281		Potential to reduce if lithium carbonate produced
Diesel	698		698		Part electrification of mobile plant to be assessed
Grid power		7,419		0	Off-grid modular concentrated solar power
UAE sub-total	45,271	7,419	13,979	0	Intensity 2.3t CO ₂ -e/t LCE
Total	50,955	9,692	18,074	0	Intensity 3.0t CO₂-e/t LCE

Source: GHD and Lepidico estimates

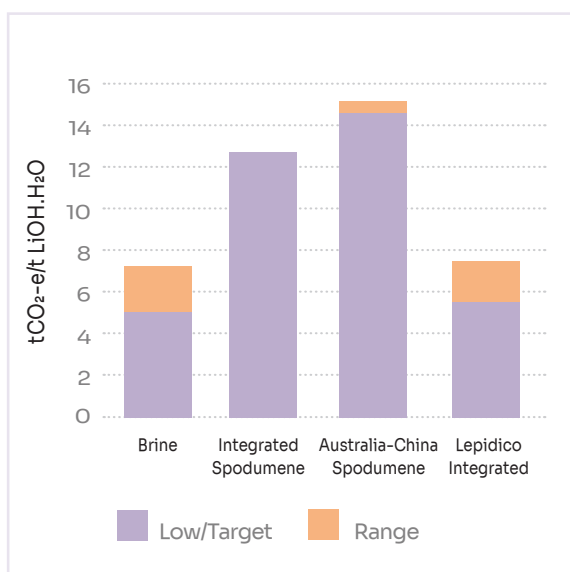
Sustainability

Emissions through the entire lithium hydroxide monohydrate manufacture chain was assessed by GHD based on a literature review. It sourced data for South American brine production, Australian mined spodumene processed in China and other integrated international lithium hydroxide refineries.

Lepidico data is for the integrated Phase 1 Project at steady state operation. It includes our initial CO₂ reduction target of 2.0t CO₂-e/t, based on a greater proportion of power being sourced from non-greenhouse gas generating sources and solar pre-heating of boiler water to reduce natural gas consumption.

Further reduction targets will be set once there is greater clarity on the availability of green hydrogen in the UAE and once renewable power alternatives have been assessed.

Figure 2: CO₂ intensity comparison for lithium hydroxide production tCO₂-e/t lithium hydroxide



Source: GHD data

As advised previously, preliminary Scope 3 emissions estimates for transport of concentrate from Namibia to UAE and transport of products and by-products are only 6,732 and 2,507t CO₂-e respectively. The L-Max® process will produce valuable by-products including caesium sulphate, rubidium sulphate, amorphous silica, sulphate of potash and a gypsum rich residue. GHD estimated the potential emissions savings to be approximately 34,009t CO₂-e per year. This would offset a material proportion of envisaged overall annual Scope 3 inventory emissions.

Emission savings relating to use of caesium and rubidium compounds have not been quantified. However, some key uses of caesium sulphate lead to reduced energy consumption and enhanced yield thereby reducing net associated emissions.

Scope 3 emissions will be fully assessed once operations commence, when individual supplier and customer details, importantly including logistics are known.

At its pre-development stage, Lepidico's carbon emissions are largely associated with air travel and exploration activities, predominantly drilling. In fiscal 2022 air travel resumed after being curtailed the previous year with an estimated 172t of CO₂-e emissions associated with business travel, compared with 501t in 2020 and 285t in 2019. Exploration is estimated to have generated 116.1 tonnes CO₂-e Scope 1 emissions in 2022, which includes a drilling program that started late the previous year. Minimal GHG generating activities were undertaken in 2021 as most filed programs were suspended due to COVID-19.

Water Management

Summary:

The impact on water availability at Karibib is projected to be zero, with ongoing monitoring to confirm this. While the Abu Dhabi chemical plant will consume more water, any future use of green hydrogen would produce water, thereby reducing consumption.

Over the first four years of manufacture of all products total water consumption for the integrated operations is estimated in the DFS to be 415,000m³ annually.

Less than 20% of this total, 80,000m³, is at Karibib, where approximately 85% of the concentrator water requirement is recycled via filtration of both concentrate product and tailings. Water is lost to evaporation, seepage, and concentrate and tailings filter cakes.

Water at Karibib will be sourced from four in-ground bores, three of which are located 3.5km from Rubicon and are active, with submersible pumps, powered by dedicated solar arrays.

Lepidico's water permit was granted in 2017 and allows for 210,000m³ to be extracted annually, which is sufficient for a future doubling of concentrate production. Groundwater modelling

indicates that natural meteoric recharge should more than replace the maximum capacity contemplated under the permit. Ongoing aquifer monitoring will be employed to confirm this. Water consumption during 2022 amounted to 15,319m³ including use by local farmers.

Chemical conversion in Abu Dhabi is estimated to consume 315,000m³ of water annually, nett of recycling. Evaporative losses attributed to evaporators, crystallisers, dryers, the cooling system and residue streams are significant and therefore apportioned back to the individual products where these unit processes are employed.

The balance of the nett water consumed is associated with common services which are apportioned to each product based on revenue contribution. Karibib consumption is also allocated according to chemical plant revenue.

Raw water at KIZAD is mainly produced by desalination currently, most of which is powered by waste heat from gas fired power stations. The balance of water consumed in the UAE is sourced from dams and water harvesting.

Employing green hydrogen to fuel the boiler will produce water that would be reclaimed for use in the plant, thereby reducing consumption.

Integrated operations water consumption product allocation

	Consumption %	Consumption rate M ³ /t LCE
Lithium hydroxide	44	33
Rubidium sulphate	32	24
SOP	10	8
Gypsum	5	4
Amorphous silica	5	4
Caesium sulphate	4	3

Land Use, Waste Management & Biodiversity

Summary:

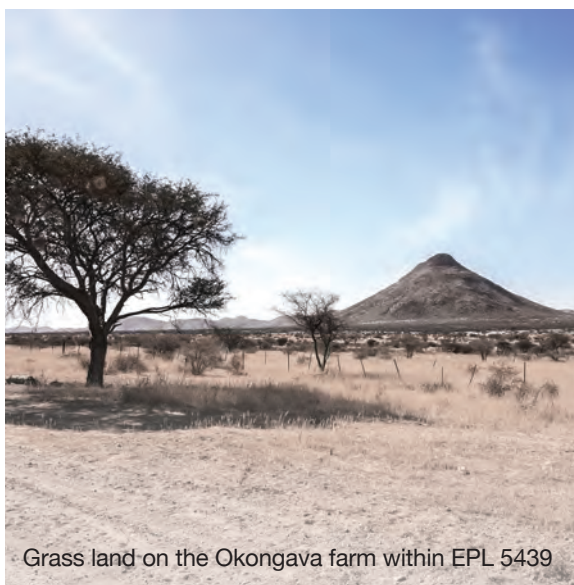
Environmental land use impacts are predominantly limited to the Namibian operations. Lepidico's closure plan will correct previous environmental remediation shortcomings, returning the land to agricultural use and making material improvements to the environment.

Karibib was mined at various times during the 20th century, largely for petalite. As such, it represents a brownfield development.

Although no closure of these industrial sites has been undertaken previously, Lepidico's plans include formal mine closure - with the aim of rectifying environmental legacy issues and returning the land to agricultural use.

Phase 1 activities at Karibib are confined to an area of 962 hectares within the 69km² mining lease (ML 204). Within this, the areas for actual development will be far smaller with the majority of the footprint allocated to ground previously disturbed by historical mining activities.

Importantly, the mining lease area is sparsely populated with no permanent dwellings within the planned Phase 1 operations area.



Grass land on the Okongava farm within EPL 5439

Sustainability

An ESIA and ESMP for the Karibib Operations were completed in July 2020 by Risk-Based Solutions CC, a leading Namibian environmental consultancy. The author, Dr Sindila Mwiya, has undertaken more than 200 environmental projects for Namibian, Continental African and International clients.

It was concluded in the ESIA and ESMP that our plans comply with the provisions of Namibian mining and environmental legislation and accord with the Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.

Importantly, Karibib is designated in the ESIA as a Category B Project, defined as:

“Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.”

As advised previously, the ESIA found that, “the proposed Karibib Project development in the ML 204 poses localised negative impacts to the receiving environment with greater offset /trade-offs/ benefits in the form of socioeconomic and environmental reclamation of the currently abandoned mine sites.

The extent of the proposed mining and minerals processing and ongoing exploration operations are limited in area extent with respect to the ore body, the Rubicon and Helikon 1 pits and supporting infrastructures areas.”

Karibib operations do not require a dedicated tailings storage facility. Tailings from the concentrator will be dewatered and co-disposed with mine waste rock thereby filling the natural voids. Both tailings and waste have been assessed as environmentally benign, and there is no requirement for lining the waste management areas.

The Phase 1 chemical plant site is just 57,000m² and is located within an industrial free zone, which allows full foreign ownership as well as tax exemptions on imports and exports. Off-site infrastructure is supplied through a land lease agreement with Abu Dhabi Ports, which manages KIZAD, and includes direct connection to existing infrastructure; natural gas, 11kV power, potable water, and sewer services, roads, and drainage. The KIZAD container port where concentrate from Walvis Bay, Namibia will be imported is 15km by road from the plant site.

An ESIA was also completed for the chemical plant in 2021 which accords with the Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.



Social Responsibility

Workforce Health & Safety

Lepidico is committed to the health, safety and wellness of its workforce and has achieved zero harm performance at its controlled sites since data collection began in September 2016.

Lost Time Injury Frequency Rate (LTIFR), - and Total Recordable Incidents Frequency Rate (TRIFR) all continue to be zero.

As previously advised, site operations were temporarily suspended in June 2021 and the Karibib camp closed due to multiple cases of COVID-19 amongst the workforce. All cases had mild symptoms with our colleagues making a swift and full recovery. The camp was fumigated and cleaned, and further precautionary protocols introduced prior to resumption of operations mid-July 2021. Over the course of the year COVID-19 protocols were progressively relaxed consistent with government guidelines.

Community Engagement, Empowerment & Investment

Lepidico conducted its first Socio-Economic Baseline Study in March 2020, focused on the communities in the broader Karibib district. This revealed three broad categories of support in need of prioritisation:

1. Projects/investments with high employment creation potential – to be aligned to the relatively abundant and diverse local labour force.
2. Well-equipped vocational centres for tailor-made training/skills enhancement, targeting unemployed youth and women.
3. Diversification and value addition initiatives for food security enhancement and poverty alleviation, targeting vulnerable groups and farmers.

Based on several stakeholders' meetings and the Socio-Economic Baseline assessments, five key objectives were developed where Lepidico can add the greatest value in its support of local communities:

1. Reaching compliance: taking a systemic and strategic approach towards sustainability to do no harm and stop making tomorrow's legacies today.
2. Improved local governance to effectively deliver basic services and development.

3. Infrastructure development and support to improve the lives of Karibib, Otjimbingwe and Okongava farm residents.
4. Local economic development for business and job creation with a focus on agriculture, youth and women's projects.
5. Support to Education development.

These objectives will be achieved through both shorter-term components of work, which started in 2021 and longer-term components that involve greater stakeholder participation and consultation in their scoping and implementation. Six projects were outlined in consultation with local stakeholders for action in 2022, with a budget of US\$20,000.

Fire and water trailers were acquired and equipped for the Karibib Operations, to service both the site and local farmer community, where there have been instances of scrub fires. This equipment was used to control the scrub fire that occurred in 2022 as advised above.

In consultation with the Traditional Authority, Lepidico completed a micro-finance project to support disadvantaged women in the nearby town of Otjimbingwe. Chicken coups, livestock and animal husbandry and vegetable gardening training has been previously.

A business registration and entrepreneurship workshop for women and youth was also held in the town of Otjimbingwe. The workshop was attended by recipients of existing Lepidico micro-finance projects as well as 23 women and youths who showed keen interest in starting micro-businesses. Secondly, supporting information has been received from the Ministry of Health and Social Services for a new maternity space at the Otjimbingwe clinic to allow a funding proposal to be completed, with implementation planned for the 2023 fiscal year.

The Company also continued to supply water under its abstraction licence to local farmers for their livestock.

In the longer term, Karibib operations are expected to provide significant benefit to the communities in the region through both direct and indirect employment. Lepidico expects to recruit 115 full time employees, many of whom will come from local communities, where the population is estimated to be approximately 5,000.

Sustainability

Indirect employment is estimated to result in a further 800 jobs being created within the community.

Stakeholder Engagement

Identification and understanding our stakeholders' needs, concerns and views are important to us and this process is continuously reviewed and updated through our stakeholder engagement process. In addition, the company has a grievance mechanism that ensures that stakeholder complaints are dealt with in a transparent manner. In addition, our Whistle Blower Policy ensures that employees and other stakeholders are protected when reporting non-compliance with our policies.

Corporate Governance

Lepidico continues to implement improvements to our Corporate Governance system as the company grows in complexity to meet our development needs.

The Diversity Committee, established in 2020, reviewed its progress against the FY2022 measurable objectives and set new objectives for FY2023. We continued to benchmark and track gender diversity against our peers and remain committed to providing flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of our employees.

Australian not for profit organisation, Ellect (www.ellect.biz), helps companies achieve diversity, equity and inclusion in their business as part of their ESG goals. Ellect has completed gender equality ratings for all ASX listed companies, with Lepidico having a score in the top 5% based on its Board and key management composition.

In addition, all job descriptions and job titles are gender neutral and inclusive.

Our Board composition brings together a balanced team of experienced financial, technical and operations professionals. The Board works closely with the Lepidico management team to guide the company and has oversight of Lepidico's ESG strategy.

Lepidico complies with all of the 4th edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations that can be achieved with the current Board composition, with further improvement envisaged as skills are added to meet business growth plans (refer to the Corporate Governance Statement for further detail).

Governance principles adopted at the head company level are cascaded, as appropriate, to the Company's operations in the UAE and Namibia.

Sustainability Policy and Risk

The Company takes a "top-down" approach, with a developed corporate risk register including a residual risk rating for all implemented actions and controls. The register covers corporate, exploration, technical evaluation and project implementations. Entries are based on the critical tasks identified in the Company's Strategic Plan and ranked by residual risk rating.

The document is reviewed annually, whilst major risks and management plans are reviewed at Board meetings. The major risks that the company manages include; ongoing financing for project development, securing offtake contracts for products and project implementation risks.

The proportion of women employed by Lepidico as at 30 June 2022 is listed below:

Level	2022
Non-Executive Directors	33%
Senior Executive Positions (including Executive Director) ¹	40%
Management	0%
Non-Management	31%
All Employees ²	30%

¹ "Senior Executive" for the purpose of gender representation is defined to mean the Managing Director and his direct reports.

² Includes full-time, part-time and regular casual employees.

Shareholder Engagement

In 2022 Lepidico continued its relationship with Edison Group to cover investor relations with a focus on digital engagement including social media, complemented by their existing equity research.

The executive management team regularly engage with the investment community in Australia and in other major financial centres globally. Resumption of business travel in 2022 allowed in person meetings to again take place, however, virtual meetings continue to predominate thereby reducing travel related GHG emissions. There is ongoing dialogue with shareholders, brokers, financial analysts, prospective institutional investors, family offices, private equity and sovereign wealth funds, and prospective strategic investors around the world. We believe that Lepidico has international investment appeal. The company is committed to enhancing its global investability by delivering on its stated strategy from its platform on the Australian Securities Exchange (ASX).

Lepidico has established a suite of Corporate Governance documents and Charters to meet ASX standard disclosure requirements, which are available at the Company's website. Development of further Policy and Standards to meet the Company's needs as it grows is a priority for 2023.

Intellectual Property

At 30 June 2022, the Company held granted patents for its L-Max[®] technology in the United States, Europe, Japan and Australia, along with an Innovation Patent in Australia. National phase patent applications are well advanced in the other key jurisdictions, with these processes expected to continue during calendar year 2022. The Company also has a patent granted for its process technology for lithium recovery from phosphate minerals (amblygonite) from the United States, Japan and Australia.

The national and regional phase of the patent application process is progressing for LOH-Max[®] under PCT/AU2020/050090. The S-Max[®] national phase patent applications are progressing under PCT/AU2019/050317 and PCT/AU2019/050318. In addition, the national and regional phase of the patent application process for the production of caesium, rubidium and potassium brines and other formates is continuing under PCT/AU2019/051024. The national and regional phase applications for the above processes are expected to continue beyond 2022.

On 1 April 2022, the Company progressed with an International application under the Patent Cooperation Treaty (PCT) and was allotted the number PCT/AU2022/050297 for the lithium carbonate recovery process from a raw lithium hydroxide material.

On 1 October 2021 a provisional patent application was filed for the preparation of Cs-Rb-K alkali salt solutions from lithium mica mineral source material. This refining process has application in tailoring ternary materials for industrial catalyst applications.

The Nature of our Markets

Markets for lithium chemicals, SOP and supplementary cementitious materials such as amorphous silica have scale and are generally considered to be free markets.

The caesium and rubidium markets by contrast are small and opaque with production concentrated amongst just two size producers globally. It is understood that in 2022 one of these chemical manufacturers will cease production following depletion of its sole source of primary mineral feed. Caesium, rubidium and lithium chemicals are all on the U.S. Government list of Critical Minerals. Caesium and rubidium are a subset for which the U.S. is 100% reliant on imports and where the markets are sufficiently concentrated that they are effectively controlled by a single nation.

Lepidico aims to bring new sustainable and ethical sources of these Critical Minerals to the market.

Sustainability Reporting

The aim of this fourth sustainability report is to discuss management's approach to environmental and social responsibility initiatives and how these continue to be integrated into our sustainable business strategy. As with prior years, this report is not a full sustainability report, but rather an insight into the sustainability approach and initiatives Lepidico is undertaking as it transitions from its pre-development stage into an active alkali metals chemical producer.

Lepidico is committed to developing a sustainable lithium business providing high quality products whilst minimising environmental and social impacts, with a particular focus on climate and biosphere stewardship.

Sustainability

Building sustainability into our systems, values, management practices, behaviours and governance arrangements within a rapidly changing and challenging global environment is embedded within our approach to strategic planning.

We have also embraced the opportunity to integrate social, economic, environmental, and health and safety best practices into project design criteria, while minimising business risks. This is evidenced by ESIA's being aligned with the Equator Principles and IFC Performance Standards, when prevailing local regulatory requirements are far less stringent.

Once the business transitions, detailed sustainability performance data metrics will be captured from our operations and contractors. Accordingly, we believe the appropriate timing for full sustainability disclosure will be the year following the commissioning of the Phase 1 Project, currently scheduled to start in calendar 2024.

Our understanding of the material issues for each business unit have become clearer as Phase 1 FEED works near completion and will continue to do so as we progress regulatory approval processes and gain input from our stakeholders, especially as

their expectations for the management of issues evolves and becomes more complex. Our goal is to be able to report our future activities against the Global Reporting Initiative (GRI) Standards and in the intervening years our systems will evolve to collect the necessary data.

This report provides commentary on our Corporate Social Responsibility (CSR) systems development, commensurate with our risks and opportunities and project development stage. We look forward to sharing our experiences to date here, and further disclosure in future reports, as we continue on our sustainability journey. We undertake to further engage with a wide group of stakeholders and community groups at our project sites, and we welcome their input and feedback on our CSR reporting.

In 2022, Lepidico further developed its operating management systems. Internal goals focus on governance, occupational health and safety, the environment and meeting project milestones. Both the exploration and project development groups report against these indicators and a summary is tabulated on page 36.



Okongawa farmer, Mr G Kamajove and his family - demonstrating mining and farming effective co-existence



Rudolphine Uiras - Lepidico employee from the local Otjimbingwe community

Sustainability

Goal	Outcome	Comments
Governance		
Governance Statement	Compliance	In compliance as per ASX statement
Mining & Exploration licenses and related permits	Compliance	In compliance as per license conditions in Namibia
Occupational Health & Safety		
Zero Fatalities	Yes	No Fatalities
Zero Lost Time Incidents	Yes	No LTIs
Zero Medical Treatment Incidents	Yes	No MTIs
OHS Management System	Established	OHS Policy and OHS Management Plan.
Environment		
Zero Reportable Incidents	Yes	Scrub fire environmental incident outside managed sites associated with a contracted party. No reportable spills or incidents at managed sites.
Environmental Management System	Yes	Sustainable Development Policy in place.
Environmental Baseline Studies	Complete	ESIAs completed for Karibib operations and Abu Dhabi chemical plant to IFC Environmental & Social Standards.
	Complete	ESMP completed for Karibib operations including closure plan with Category B designation.
	Ongoing	Independent greenhouse gas assessment completed for Scope 1 & 2 emissions, Scope 3 pending start of operations.
Operational Studies & Readiness		
Waste minimisation	Ongoing	Implementation of filtered dry stacked tailings co-disposal with mine waste – no dedicated TSF required.
Renewable power studies	Ongoing	Hybrid renewable off-grid solutions being evaluated for Karibib and Abu Dhabi.
Green hydrogen study	Ongoing	H ₂ enabled boiler review & Abu Dhabi H ₂ supply study.
Social & Community		
Communities	Ongoing	Namibian Ministry of Lands and Reformation engaged to work together with Lepidico to develop a formal land use agreement. Community meetings to negotiate Cohabitation Agreement with the involvement of traditional owners and local farmers from the area.
Corporate Social Responsibility	Ongoing	CSR plan updated and social support programmes developed for FY2022.

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 4th 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 22 September 2022.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX Recommendation 1.1: A listed entity should have and disclose a board charter setting out:

- (a) the respective roles and responsibilities of its board and management; and**
- (b) those matters expressly reserved to the board and those delegated to management.**

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

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and**
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

The Company has complied with this recommendation.

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:

- (a) have and disclose a diversity policy;**
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and**
- (c) disclose in relation to each reporting period:**
 - (1) the measurable objectives set for that period to achieve gender diversity;**
 - (2) the entity’s progress towards achieving those objectives; and**
 - (3) either:**
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or**
 - (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.**

If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company has complied 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 table below sets out the measurable objectives for the 2022 financial year and provides details on the progress of the Company toward achieving them:

Objective	Results
Work with industry specific groups and companies in Namibia and the UAE to develop more meaningful baseline diversity data.	Some relevant national data was sourced for Namibia and the UAE from the consultants engaged to complete the Environment and Social Impact Assessments for the Phase 1 Project. Work continues to secure further data.
Develop operational HR policies and procedures for Namibia and the UAE that support diversity in the jurisdictions in which the Company will operate.	Management has engaged Twahangana Human Resources Consulting in Namibia to develop operational HR policies and procedures for Namibia which will also be adapted for the UAE. Lepidico's GM Sustainability & Country Affairs - Namibia will assume management for the development of these policies.
Ensuring that recruitment is made from a diverse pool of qualified candidates. Where appropriate, a professional recruitment firm shall be engaged to select a diverse range of suitably qualified candidates.	During the financial year the Company recruited three General Manager positions: GM – Sustainability & Country Affairs Namibia, GM Operations – UAE and GM Operations – Namibia. External consultants were used for all three positions with instructions provided to seek a diverse range of candidates.
To ensure that in the interview process for each Director and/or senior executive position there is at least an equal number of females on the interview panel.	This protocol was adhered to for the three GM positions recruited for.
Identify and support community led programmes empowering women and that prevent discrimination in the countries where the Company operates.	<p>Community programmes undertaken to date in FY2022 were predominately focused on health, in particular COVID-19 prevention and detection. PPE donations were made to the local medical clinic. Discussions are underway to provide a maternity room adjacent to a medical clinic in the Karibib region to provide a private and safe environment for local woman to give birth.</p> <p>The Company also funded the building of four chicken coops and instruction on animal husbandry to develop micro businesses within the local community, with a focus on supporting women in the community.</p>

Gender Representation

The proportion of women employed by the Company as at 30 June 2022 is listed below:

Level	2022	2021
Non-Executive Directors	33%	33%
Senior Executive Positions (including Executive Director) ¹	40%	25%
Management	0%	0%
Non-Management ²	31%	22%
All Employees ²	30%	33%

¹ "Senior Executive" for the purpose of gender representation is defined to mean the Managing Director and his direct reports.

² Includes full-time, part-time and regular casual employees.

ASX Recommendation 1.6: A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

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.

In accordance with this process, Board evaluation questionnaires were provided to each member of the Board in order to assess the performance of the individual Director, the Board as a whole, Committees of the Board and the Managing Director. The completed questionnaires are provided to the Chair of the Nomination and Remuneration Committee and are used by the Board to 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.

A performance review was undertaken for the reporting period.

ASX Recommendation 1.7: A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

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 BE EFFECTIVE AND ADD VALUE

ASX Recommendation 2.1: The board of a listed entity should:

- (a) have a nomination committee which:**
 - (1) has at least three members, a majority of whom are independent directors; and**
 - (2) chaired by an independent director;**
- and disclose:**
 - (3) the charter of the committee;**
 - (4) the members of the committee; and**
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

The Company has complied with this recommendation.

The members of the Committee, the number of meetings held during the financial period and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual Report.

A copy of the Committee's Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

ASX Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills 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:

Area	Board Skill and Experience
Strategic expertise	Ability to identify and critically assess strategic opportunities and threats and develop strategies. Experience as a Director, CEO, CFO or other officeholder or similar in medium sized entities.
Specific industry knowledge	Senior executive, advisory or board experience in the resources sector including exploration, mineral resource project development, mining and mineral processing operations, and mineral/chemical process development. Relevant tertiary degree or professional qualification.
International experience	An understanding of the complexities of operating in foreign jurisdictions. Experience in and exposure to multiple cultural, regulatory and business environments.
Accounting and finance	Senior executive experience in financial accounting and reporting, or business development or board remuneration and nomination committee experience. Relevant tertiary degree or professional qualification. Board audit committee experience. 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 and governance	Relevant tertiary degree or professional qualification. Listed entity board and/or committee experience. Experience in organisations with a strong focus on and adherence to governance standards. Experience in general corporate, mining, fiscal and labour laws and/or the ability to consider the legal requirements of the Company's business operations and transactions contemplated by the Company, across the multiple jurisdictions in which it operates.
Risk management	Ability to identify and monitor risks to which the Company is, or has the potential to be, exposed.
Sustainability	Experience and knowledge of working on sustainability activities directly and/or as part of operational responsibility. Experience in tailoring environmental and social practices to local requirements found in foreign jurisdictions and also adhere to recognised industry best practices.
Experience with capital markets	Experience in corporate finance and the equity/debt or 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:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position or affiliation or relationship described in 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and

(c) provide details in relation to the length of service of each Director.

The Company has complied with this recommendation.

In determining a Director's independence, the Board considers those relationships which may affect independence as contained in the 4th edition of the ASX Corporate Governance Principles and Recommendations.

In each case, the materiality of the interest, position, association or relationship is assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

The Company Secretary maintains a register for the purposes of identifying the existence of any transactions between the Director's related parties and the Company and the impact (if any) such transactions (or other factors) may have on a Director's independence which is tabled at each Board Meeting.

The independence and length of service of each Director is as follows:

Director	Independent	Date of Appointment	Length of Service ¹
Mr Gary Johnson	No	9 June 2016	6.1 years
Mr Julian (Joe) Walsh	No	22 September 2016	5.8 years
Mr Mark Rodda	Yes	22 August 2016	5.9 years
Ms Cynthia Thomas	Yes	10 January 2018	4.5 years

¹ Length of service is calculated to 30 June 2022

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 has not complied with this recommendation.

The Chair, 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 for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

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: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

ASX Recommendation 3.1: A listed entity should articulate and disclose its values.

The Company has complied with this recommendation.

The Company's strategy, vision and values is reviewed annually and available in the corporate governance

section of the Company's website at www.lepidico.com.

ASX Recommendation 3.2: A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.**

The Company has complied with this recommendation.

The Company has 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, senior executives 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.

There were no material breaches of the code during the reporting period.

ASX Recommendation 3.3: A listed entity should:

- (a) have and disclose a whistleblower policy; and**
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

The Company has complied with this recommendation.

The Company has a whistleblower policy and a copy is available in the corporate governance section of the Company's website at www.lepidico.com.

There were no material incidents reported under the whistleblower policy during the reporting period.

ASX Recommendation 3.4: A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and**
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

The Company has complied with this recommendation.

The Company has an anti-bribery and corruption policy and a copy is available in the corporate governance section of the Company's website at www.lepidico.com.

There were no material incidents reported under the anti-bribery and corruption policy during the reporting period.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ASX Recommendation 4.1: The Board of a listed entity should:

- (a) have an audit committee which:**
 - (1) has at least three members, all of whom are non-executive directors and a majority of which are independent directors; and**
 - (2) is chaired by an independent director, who is not the chair of the board;**
- and disclose:**
 - (3) the charter of the committee,**
 - (4) the relevant qualifications and experience of the members of the committee; and**
 - (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

The relevant qualifications and experience of the members of the Audit and Risk Committee, the number of times the Committee met during the financial period and the individual attendances of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual 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 has complied with this recommendation.

ASX Recommendation 4.3: A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by the external auditor.

The Company has complied with this recommendation.

Where a periodic corporate report is not required to be audited or reviewed by an external auditor, Lepidico conducts an internal verification process to confirm the integrity of the report, to ensure that the content of the report is materially accurate and provides investors with appropriate information to make informed investment decisions.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX Recommendation 5.1: A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Company has complied with this recommendation.

A copy of the Continuous Disclosure Policy is available in the Corporate Governance section of the Company's website at www.lepidico.com.

ASX Recommendation 5.2: A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Company has complied with this recommendation.

ASX Recommendation 5.3: A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of that presentation.

The Company has complied with this recommendation.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

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 Investor Relations Consultant are the Company's main contacts for 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. During the financial year the

Company continued to work with Edison Group to facilitate the Company's investor and public relations programs with a focus on electronic media communication

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 how it facilitates and encourages 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. At each Annual General Meeting the Chair allows a reasonable opportunity for shareholders to ask questions of the Board and the external auditors.

The full text of all notices of meetings and explanatory material are posted on the Company's website at www.lepidico.com as soon as they have been released by the ASX.

ASX Recommendation 6.4: A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company has complied with this recommendation.

The proxy numbers received in advance of a meeting of shareholders are made available for shareholders attending the meeting in person. Where a show of hands is not aligned with the proxy numbers the Chair will call for a poll.

ASX Recommendation 6.5: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company has complied with this recommendation.

Lepidico has a dedicated email address to handle shareholder communications.

Lepidico's securities registrar, Automic Group, facilitates the provision of communications between Lepidico and its shareholders electronically. Shareholders can make a choice about how they wish to receive information from Lepidico and can elect to receive Lepidico documents including notices of meetings, annual reports and other correspondence electronically. Shareholders can also lodge their proxies electronically.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

ASX Recommendation 7.1: The Board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director;**

and disclose:

- (3) the charter of the committee,**
 - (4) the members of the committee and**
 - (5) as at each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.**

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

The members of the Committee, the number of meetings held during the financial period and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual Report.

ASX Recommendation 7.2: The Board or a committee of the Board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and**
- (b) 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 Board conducted such a review in relation to the reporting period.

ASX Recommendation 7.3: A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or**
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of governance, 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 affected 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. Environmental and Social Management plans are under development for all planned operations which will meet International Finance Corporation and Equator Principal standards.

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:

- (a) have a remuneration committee which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director;
- and disclose:
 - (3) the charter of the committee,
 - (4) the members of the committee and
 - (5) as at each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company has complied with this recommendation.

A copy of the Remuneration and Nomination Committee Charter is available in the Corporate Governance section of the Company's website at www.lepidico.com.

The members of the Committee, the number of meetings held during 2022 and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Lepidico Annual 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.

The Non-Executive Directors are paid a fixed annual fee for their service to the Company as a Non-Executive Directors and additional fixed fees for Board Committee participation. 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:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) 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.

Financial Report

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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 2022 (Consolidated Entity or Group).

Directors

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 Chair
Mr Joe Walsh	Managing Director
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director

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

Current Directors

Mr Gary Johnson - Chair (Non-executive)

Qualifications - MAusIMM, MTMS, MAICD

Mr Johnson has over 40 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 is a principal and part owner of Strategic Metallurgy Pty Ltd, which specialises 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

Member of the Remuneration and Nomination Committee

Other Current Directorships of listed public companies:

Director of Antipa Minerals Ltd (ASX listed)

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

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

None

Mr Julian "Joe" Walsh - Managing Director (Executive)

Qualifications - BEng, MSc

Mr Walsh is a resources industry executive, mining engineer and geophysicist with over 30 years' experience working for mining and exploration companies, and investment banks in mining related roles. Joe joined Lepidico as Managing Director in 2016. Prior to this he was the General Manager Corporate Development with PanAust Ltd and was instrumental in the evolution of the company from an explorer in 2004 to a US\$2+ billion, ASX 100 multi-mine copper and gold company. Joe 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.

Special responsibilities:

Member of the Diversity Committee

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 and consultant with over 25 years' private practice, in-house legal, company secretarial and corporate 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. Prior to its 2007 takeover by Norilsk Nickel for in excess of US\$6 billion, Mark held the position of General Counsel and Corporate Secretary for LionOre Mining International Ltd, a company with operations in Australia and Africa and listings on the TSX, LSE and ASX.

Special responsibilities:

Chair of the Remuneration and Nomination Committee

Member of Audit and Risk Committee

Member of the Diversity Committee

Other Current Directorships of listed public companies:

Director of Antipa Minerals Ltd

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

None

Ms Cynthia Thomas – Non-Executive Director

Qualifications – B.Com, MBA

Ms Thomas has over 30 years' of banking and mine finance experience, and is currently the Principal of Conseil Advisory Services Inc. (Conseil), an independent financial advisory firm specialising in the natural resource industry which she founded in 2000. Prior to founding Conseil, Cynthia worked with the Bank of Montreal, Scotiabank and ScotiaMcLeod in the corporate and investment banking divisions. Cynthia holds a Bachelor of Commerce degree from the University of Toronto and a Masters in Business Administration from the University of Western Ontario.

Special responsibilities:

Chair of Audit and Risk Committee

Chair of the Diversity Committee

Member of the Remuneration and Nomination Committee

Other Current Directorships of listed public companies:

None

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

Executive Chair of Victory Nickel Inc. (CSE listed) – resigned 26 July 2022

Company Secretaries**Mr Alex Neuling**

Qualifications: BSc, FCA (ICAEW), FCIS

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.

Ms Shontel Norgate

Qualifications: CA, AGIA ACIS

Ms Norgate is a Chartered Accountant with over 25 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)

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2022, and the number of meetings attended by each director.

	Full Board Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings		Diversity Committee Meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Mr Gary Johnson	6	6	2	2	3	3	0	0
Mr Joe Walsh	6	6	0	0	0	0	2	2
Mr Mark Rodda	6	6	2	2	3	3	2	2
Ms Cynthia Thomas	6	6	2	1	3	3	2	2

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	335,358,326	23,927,955
Mr Joe Walsh	35,468,572	45,944,286
Mr Mark Rodda	-	22,500,000
Ms Cynthia Thomas	-	22,500,000
	370,826,898	114,872,241

Principal Activities

The principal activities of the Consolidated Entity during the financial year were mineral exploration and development, and development of proprietary technologies, including: L-Max®, LOH-Max® and caesium-rubidium extraction.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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

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

Dividends Paid or Recommended

The Directors recommend that no dividend be paid for the year ended 30 June 2022, 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 2022 the Group recorded a net loss after tax of \$7,941,340 (2021: net profit after tax \$282,556) and a net cash out flow from operations of \$5,482,547 (2021: net inflow \$1,036,610).

The net assets of the Group increased to \$76,441,558 at 30 June 2022 (2021: \$74,949,679).

Phase 1 Project Development

Chemical Conversion Plant (100%), Abu Dhabi

The Phase 1 Project represents a unique opportunity globally for production of the strategic metals: caesium and rubidium, for which the United States is 100% reliant on imports. Furthermore, lithium, caesium, and rubidium, the main Phase 1 products, are all on the U.S. Government list of Critical Minerals, making Lepidico's technologies and the Phase 1 chemical plant strategically significant.

The Musataha lease agreement was signed in early October 2021 with Abu Dhabi Ports (ADP) with the staged deposit fully paid during the period. The Musataha agreement secures the 57,000m² site for the Phase 1 chemical plant for an initial term of 25 years. The site is located within the Khalifa Industrial Zone Abu Dhabi (KIZAD), a major industrial free zone, which allows full foreign business ownership as well as tax exemptions on imports and exports. During the year the Company was granted its Environmental Permit to Construct with work on other permits continuing.

Following the signing of the Musataha, Lycopodium Minerals Pty (Lycopodium), the Company's appointed EPCM contractor, started work with ADP (the parent company of KIZAD) to design the on-site infrastructure and tie-ins to all utilities with the general site layout approved by ADP. Site geo-technical work, which included drilling and geophysical investigations were completed during the period with infrastructure development works to establish access, utilities and services to the chemical plant site being progressed by ADP. Access road works are complete, which has allowed electrical power, natural gas and industrial water utilities, and sewer and drainage services works to the site boundary to start.

Lycopodium and Strategic Metallurgy collaborated on the chemical plant flowsheet during the year which incorporated demonstration scale pilot plant campaign results and allowed for a milestone version of the Process Design Criteria (PDC) to be developed. Further refinements were made to the PDC on receipt of critical mechanical equipment vendor development testwork in June (based on samples generated from the pilot campaigns), which allowed the specifications of the filters, crystallisers and regrind mill to be finalised. This in turn allowed Lycopodium to start work on the engineering and design for the installation of these units, with the draft control estimate and implementation schedule expected in the second half of calendar 2022. Limited vendor testwork continues that is confirmatory (non-critical) and thereby not on the Front End Engineering and Design (FEED) critical path. The PDC will however, continue to be a live document throughout the detailed design phase and thereby take account of all confirmatory testwork.

In April 2022, Hans Daniels was appointed as General Manager Operations UAE. He started with Lepidico in early July 2022. Hans brings a great breadth and depth of experience from his plus 30 years working in the chemicals industry, much of it in the UAE, where he has established and developed new chemicals businesses. As GM Operations for the region, Hans will lead the implementation and operation of Lepidico's Phase 1 chemicals process facility – which employs the Company's proprietary process technologies – being developed within the Khalifa Industrial Zone Abu Dhabi (KIZAD).

Karibib Project (80%), Namibia

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

The Ministry of Mines and Energy, Republic of Namibia granted the Accessory Works Permit for the development of the Karibib Lithium Operations within ML204. The accessory works application included the waste management areas designed by Knight Piésold and various site ancillaries designed by Lycopodium, which includes site buildings and structures.

Lycopodium finalised the FEED in June following a review of major equipment vendors which led to a change in supplier being recommended for the flotation cells, which in turn necessitated some redesign works. Some modifications were also introduced into the crusher and concentrate bagging areas. The revised FEED was finalised with no material impact to the control estimate but an improved risk position for implementation and operations.

An Ore Reserve review was completed by AMDAD based on a first principles revision to operating costs for the integrated project, updated physicals that incorporates all process testwork since completion of the Definitive Feasibility Study (DFS) in May 2020 and Benchmark Mineral Intelligence latest lithium hydroxide price forecast. The re-optimisation confirmed the pit stages assumed in the DFS and therefore the pit designs remain in good standing. A modest increase in life of mine ore tonnes at slightly lower grade is implied, subject to further evaluation. This is consistent with the higher lithium price more than offsetting the effect of inflation on operating costs.

Bulk earthworks were awarded to a national construction contractor in December 2021 following a tender process. Works include access road upgrade, on-site roads, Rubicon waste management area starter pad, site water management structures and bulk earthworks pads for the concentrator, non-process buildings and stockpile areas.

The power supply system design was completed and issued for tender in January 2022. Solar and hydropower already make significant contributions to the Namibian national grid. It is expected that at least 80% of grid power will be from committed renewable sources by 2025. Lepidico is also tracking several new solar projects that appear to be close to a development decision, which could allow all power to the Karibib Project to be from renewable sources.

Site works at Karibib are scheduled to start once Project finance is secured. A considerable tonnage of high-grade in-situ lepidolite mineralisation is exposed at surface at Rubicon with minimal requirement for mining of waste. As such, ore mining is not on the critical path and is planned to start just ahead of concentrator commissioning.

In August 2022, Timotheus (Timo) Ipangelwa commenced as GM Operations Namibia. Timo has 16 years' experience as a Mining Engineer working at both large and medium scale open pit operations. As GM Operations for Lepidico in Namibia, Timo will lead the re-development of the two open pit mines at Rubicon and Helikon, as well as the implementation and operation of Lepidico's Phase 1 mineral concentrator for the Karibib Project.

Sustainability

In April, 2022 Benedicta Uris joined Lepidico as General Manager Sustainability & Country Affairs Namibia. Benedicta is uniquely well qualified and brings a wealth of experience from more than 20 years in senior management sustainability roles within the natural resources industries in Africa and the United Kingdom. As GM Sustainability for the Lepidico Group, Benedicta is responsible for designing and implementing the Company's sustainability strategy, with an emphasis on Environment, Social and Governance (ESG), reporting to the Managing Director. Based in Namibia, Benedicta is also responsible for Country Affairs in the region.

A comprehensive mapping and gap assessment of IFC, World Bank, Development Finance Corporation (DFC) and IRMA standards/requirements versus Phase 1 ESIs and the Karibib ESMP (Environment and Social Management Plan) was completed during the year. The results have been shared with DFC and policy/standard development is well advanced to meet finance requirements, which includes an Environment and Social Action Plan. At year end Lepidico Chemicals Namibia was also well advanced on an updated stakeholder engagement plan.

Lepidico remains committed to continued improvement in environmental performance. Opportunities to reduce already low levels of greenhouse gas (GHG) emissions versus industry peers have been identified and are actively being pursued. Evaluation of work by environmental consultant GHD for Phase 1 has identified opportunities to reduce aggregate Scope 1 and 2 emissions to less than 3.0t CO₂-e/ t Lithium Carbonate Equivalent (LCE); an industry leading position.

GHD advised in its report that Scope 1 and 2 emissions¹ intensity associated with the Abu Dhabi Phase 1 chemical plant is estimated at just 7.46t CO₂-e/t² lithium hydroxide. The largest single source of chemical plant emissions, approximately 60%, is from natural gas used for generating process heat. Lepidico has started discussions for supply of green hydrogen from new production planned to be developed at KIZAD. Opportunities to reduce overall energy consumption via solar preheating of boiler feed water will also be evaluated, amongst other initiatives to reduce emissions and costs.

At Karibib, grid power already includes a significant renewable component with more committed projects to come onstream. As previously advised, by 2025 it is estimated that 80% of power will be generated from renewable sources³. It appears increasingly likely that further solar power capacity will be committed to in the Karibib region this year, which would provide an opportunity to reduce or even eliminate Scope 2 emissions, other than for backup purposes.

¹ Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

² Tonnes of carbon dioxide equivalent

³ NamPower Investors Briefing, July 2019

Excellence in environmental stewardship, which includes demonstrating that products have low associated CO₂-e emissions, is now almost essential for chemicals supplied for EV manufacture, particularly when associated with vehicle sales into the European and North American markets. This ethical sourcing of chemicals also extends to the evaluation of water and land usage, both of which can be challenging for certain types of lithium deposits and processes. This is not the case when employing Lepidico's proprietary process technologies, which will be commercialised in the Company's integrated Phase 1 Project.

In consultation with the Traditional Authority, Lepidico completed a micro-finance project, during the period, to support disadvantaged women in the nearby town of Otjimbingwe. Chicken coups, livestock and animal husbandry training were provided. In addition, a business registration and entrepreneurship workshop for women and youth was held in the town of Otjimbingwe. The workshop was attended by recipients of existing Lepidico micro-finance projects as well as 23 women and youths who showed keen interest in starting micro-businesses. Supporting information was received during the period from the Ministry of Health and Social Services for a new maternity space at the Otjimbingwe clinic to allow a funding proposal to be completed, with implementation planned for the 2023 fiscal year.

Fire and water trailers were acquired for the Karibib Operations to service the site and local farmer community, where there have been instances of scrub fires. In June, 2022 a scrub fire was started just outside the Mining Lease and EPL area by a grader contracted by Lepidico to develop fire breaks along access roads to site. The fire was brought under control with no injury or impacts to local farmer livestock. The incident has been investigated and revisions to procedures implemented to prevent a recurrence. Scrub fires remain a significant risk during dry seasons that follow higher rainfall wet seasons such as occurred in 2021-'22.

Australian not for profit organisation, *elect*⁴, helps companies achieve diversity, equity and inclusion in their business as part of their ESG goals. *elect* has completed gender equality ratings for all ASX listed companies, with Lepidico having a score in the top 5% based on its Board and key management composition.

Product Marketing

The Company entered into a binding offtake agreement in December 2021 for sales-marketing, logistics and trade finance with Traxys Europe S.A. ("Traxys") for 100% of the production of lithium hydroxide (5,000tpa) from the Company's planned Phase 1 Project during the first 7 years of operation or 35,000t in total. In addition, Traxys will act as agent for 100% of the production of caesium sulphate solution (c.400tpa) from the Chemical Plant.

A growing understanding across the industry of an impending acceleration in lithium demand growth coupled with limited new supply options means that Lepidico is well positioned to commit its lithium hydroxide with leading sustainability focused consumers within the electric vehicle supply chain. Negotiations are well advanced for binding supply agreements to be entered into with Lepidico-Traxys before December 2022. Product samples continue to be manufactured by Strategic Metallurgy in Perth for prospective customers.

Similarly, caesium chemical supply negotiations continue to advance well with multiple size consumers. Interest is being driven by an emerging substantial supply deficit, as one of just two major producers of caesium chemicals ceases supply this year on depletion of its raw material source. The Phase 1 chemical plant represents the only advanced source of new supply outside of China.

Offtake letters of intent have now been signed with multiple local UAE groups for all three Phase 1 bulk products following successful sample tests. There is strong demand for amorphous silica as a supplementary cementitious material for use in construction, as it both lowers the greenhouse gas emissions associated with concrete manufacture and also improves its compressive strength. Multiple uses have also been identified for the Phase 1 gypsum residue that include construction materials, agricultural soil amendments and as a product employed in the rehabilitation of landfill sites. Lepidico's ambition for Phase 1 to have zero solid process waste is fast approaching a reality. The Company has secured three non-binding LOIs for the supply of between 15,000-20,000t per annum of sulphate of potash (SOP) from the Phase 1 Chemical Plant.

Binding term sheets are now being developed and negotiated with customers to be closely followed by supply agreements for all bulk-products.

Phase 2 Plant Scoping Study

Completion of FEED works for the Phase 1 concentrator has allowed a debottlenecking and expansion study to be undertaken. Existing water infrastructure and the planned power supply have capacity to support a doubling of the ore milling rate to 520,000tpa. The cyclones are also scaled for this throughput and allowance is made in the existing design for a second ball mill, to allow Phase 1 concentrate output of 60,000tpa to be maintained on lower grade, predominantly lithian-muscovite ores.

Preliminary results from the expansion review indicate that a doubling of throughput on higher grade lepidolite ore could support a doubling of concentrate output in an extremely capital efficient manner.

⁴ www.elect.biz

Positive exploration results at Helikon 3-4 and encouragement from regional exploration activities, coupled with unsolicited interest from owners of various lithium mica assets has justified a review of Phase 2 development options. An additional 5-7 million tonnes of near surface Measured-Indicated Mineral Resources at Karibib of similar grade to Rubicon-Helikon 1 is sufficient to support a Pre-Feasibility Study on a Phase 2 chemical plant project of similar scale to Phase 1. This scenario is supported by the Karibib exploration target for fiscal 2023, with a more ambitious target set for 2024.

However, additional sources of concentrate from third-party lithium mica mines could support a significantly larger chemical conversion plant and lead to the development of a global market for lithium mica concentrates.

Research & Product Development

Collaboration between Lepidico, Lycopodium and Strategic Metallurgy in developing a revised PDC has resulted in a chemical plant flowsheet-layout that will ensure improved operability and maintainability, as well as reducing scale-up and ramp-up risks.

Strategic Metallurgy continued to conduct pilot operations through the demonstration scale facility in Perth. L-Max[®] operations concluded early in the June 2022 quarter. LOH-Max[®] lithium hydroxide refining from the inventory of raw product was delayed due to availability of plant operators and contamination from a purchased reagent that was substantially out of specification. All refining equipment has been dismantled, cleaned and reassembled. Refining operations recommenced in early July.

L-Max[®] and LOH-Max[®] pilot campaign reports have been drafted by Strategic Metallurgy and provided to the project lender's Independent Engineer, Behre Dolbear Australia Pty Ltd (BDA), for its review. A third report on by-product manufacture was in advanced draft, while the final lithium hydroxide refining report was pending completion of the campaign trial and receipt of assays at year end.

Virtual demonstration plant tours were run for both lenders and equity investors during the year. Various demonstration plant product samples were prepared and dispatched to customers for assessment. At year end further samples were scheduled for dispatch to customers on receipt of assays.

Exploration⁵

Karibib Project (80%)

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals, which the Namibian properties are prospective for and include lithium, caesium, rubidium, tantalum, gold, copper and tungsten.

A drilling program was completed during the year at Helikon 4 and returned the broadest high grade lithium intercepts to date at the Karibib Project, while a new lepidolite bearing pegmatite was identified at Homestead with a strike of at least 250m and downhole width of up to 31m. In addition, trenching and sampling of lepidolite rich stockpiles at Rubicon was completed with a revised Mineral Resource Estimate (MRE) planned for later in calendar 2022 that is intended to upgrade the current high-grade Inferred material into Indicated category and thereby allow it to be included in the Phase 1 mine plan.

Two new land access agreements were entered into during the year allowing exploration of priority targets to start within EPL5439, which is located immediately to the east the Phase 1 Mining Licence area (ML204). The Homestead target is situated within this EPL, 1.6km along strike from the Helikon 2 5 line of lepidolite pegmatites.

⁵ The information in this report that relates to the Helikon 1 and Rubicon Ore Reserve estimates is extracted from an ASX Announcement dated 28 May 2020 ("Definitive Feasibility Study Delivers Compelling Phase 1 Project Results") and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Rubicon and Helikon 1 Mineral Resource estimates is extracted from an ASX Announcement dated 30 January 2020 ("Updated Mineral Resource Estimates for Helikon 1 and Rubicon") and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Helikon 2 - Helikon 5 Mineral Resource estimates is extracted from an ASX Announcement dated 16 July 2019 ("Drilling Starts at the Karibib Lithium Project") and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Helikon 4 Mineral Resource infill drilling

Helikon 4 has the largest Inferred Mineral Resource on the 1.5km long E-W line of pegmatites, Helikon 2 - Helikon 5, situated one kilometre north of Helikon 1 within a folded sequence of marbles and metasediments. These pegmatites were mined historically for petalite, a lithium mineral used mainly in ceramics and glass manufacture. Currently, Helikon 4 contains an Inferred Mineral Resource JORC Code (2012) of 1.51Mt @ 0.38% Li₂O (0.20% Li₂O cut-off) based largely on diamond core drilling completed in 2017. The reverse circulation (RC) infill drilling program that started in late January 2022, comprised 20 holes for 1,612m, which provided additional data on the geometry of the pegmatite and continuity of mineralisation, with the objective of upgrading the Resource into Measured and Indicated categories before the end of calendar 2022. Six of the holes from this RC program stopped short of their target depth due to heavy water flow. These holes were completed by a diamond rig with HQ core (see ASX announcement on 27 June 2022 for drill hole data). Assay results for the RC phase of this work have been received. Logging of the diamond core tails confirms the presence of lepidolite, with assay results pending at year end.

All holes from the RC program intersected mineralised pegmatite and all but two holes intersected significant lepidolite mineralisation.

Better results (before receipt of core assays) included:

- 40m @ 1.08% Li₂O from massive and disseminated lepidolite in hole HRCH033
- 20m @ 1.16% Li₂O from a zone of albite with disseminated lepidolite in hole HRCH039
- 6m @ 2.15% Li₂O from a mica rich zone in hole HRCH030

Homestead Pegmatite

A maiden drilling program started at the Homestead prospect in May 2022. This target is marked by a small outcrop of lepidolite-bearing pegmatite. Drilling to date has confirmed the presence of a mineralised pegmatite at depth. Hole HRC009 intersected 31 metres of zoned LCT-type pegmatite with bands of lepidolite, green (possibly lithian) muscovite and petalite, confirming the prospectivity of this pegmatite. The pegmatite appears to plunge to the SW, with drilling now chasing the mineralised zone. This first phase of drilling completed in June, with assay results pending at year end.

Rubicon Stockpiles

The Rubicon surface stockpiles currently comprise an Inferred Mineral Resource JORC Code (2012) of 414,506t @ 0.84% Li₂O. An extensive sampling program was completed during the year, aimed at increasing the confidence in lithium distribution within and between the various stockpiles to aid in the potential upgrade of most of this Mineral Resource into the Indicated category.

A total of 44 trenches were excavated over various fine (< 60mm) dumps. Trench spacing was nominally 20m on the larger dumps and 10m on smaller dumps. Trenches were sampled from top to base by vertical channels cut into one side of the trench, with a total of 406 samples collected. The coarser (> 60mm) Dump A was sampled by a grid of 25 pits excavated to colluvium at the base of the dump. One bulk sample of c.200 kg was collected from around the spoil at each pit.

In addition, 424 bulk density determinations were taken from across the stockpiles. All trenches and stockpiles were surveyed by differential GPS, including the top and base (colluvium) in each case. Assay results were pending at year end. Work on a revised Mineral Resource estimate for the Rubicon stockpiles will start once the assays are received.

Regional Exploration and Scout Drilling

Drilling commenced over conceptual LCT-type pegmatite regional targets (RT targets) generated by an algorithm developed in house. Targets are initially ground truthed and verified by soil sampling on a nominal 100m x 50m grid, with the soils subjected to analysis by portable hand-held XRF to determine the Rb content. Rubidium is used as a proxy for lepidolite-bearing pegmatites as lithium, with an atomic number of only 3, cannot be detected by XRF.

So far, priority targets RT01 and RT18 located within ML204 have been tested by scout lines of RC holes drilled across the strongest parts of associated surface Rb anomalies. Fractionated pegmatitic granite was intersected in both cases similar to that seen proximal to the Rubicon deposit, with several pegmatite lenses also identified at RT18. Assay results were pending at year end.

Regional exploration of other LCT pegmatite and gold targets within EPL5439 using portable XRF was ongoing during the year. The method provides a quick first-pass assessment of targets which allows certain works to continue while assays are awaited.

Further work was also undertaken at the Marble Hill pegmatite prospect where old surface scratchings and limited prior drilling has identified an LCT-type pegmatite over a c.700m strike. To date, only 200m of this strike has been effectively tested with drilling, identifying sporadic lepidolite mineralisation.

EPL5439 was recently renewed till June 2024. Work undertaken to date allowed this EPL area to be reduced by 25% to 165km² with no loss in prospectivity. EPL5718 and EPL5555 were relinquished during the year as no meaningful results were returned from scout exploration works over recent years.

Corporate

Cash and Facilities

At 30 June 2022, Lepidico had cash and cash equivalents of \$8.0 million.

In January 2022, the Company agreed with Acuity Capital to extend the expiry date of its Controlled Placement Agreement ("CPA") to 31 January 2024.

As previously announced, the CPA was initially established with an expiry date of 31 January 2021 (see announcement dated 23 December 2019).

There is no requirement on Lepidico to utilise the CPA and there were no fees or costs associated with the extension of the CPA. Further, no additional security in the form of shares has been provided or is required in relation to the CPA extension.

COVID-19

The health, safety and wellbeing of our people, staff and contractors, remains of paramount importance. Precautions associated with the COVID-19 eased during the second half of the financial year with normal business travel re-instated including Investor Relations and Marketing activities. Working from home and adherence to local safety protocols remained in place in the jurisdictions in which we operate.

Options

On 18 May 2022, the LPDOC options with an exercise price of \$0.02 per option expired. Significant option holder support was received with over 95% of all LPDOC options exercised. The remaining 14,718,406 LPDOC options expired unexercised.

On 5 June 2022, 189,140,022 LPDOB options with an exercise price of \$0.05 per option expired.

Project Finance

The Company continues to make good progress in assembling a debt financing package with proceeds to be used for the development of the integrated Phase 1 Project, supported by debt advisor Lions Head Global Partners (Lions Head).

In June 2022, DFC provided an updated Letter of Interest as it continued its detailed due diligence on the Project under its formal Mandate Agreement (October 2020), with a view to providing the necessary debt financing for the Namibian portion. BDA, the independent engineer appointed by DFC to undertake Phase 1 technical due diligence completed its report on the Definitive Feasibility Study earlier in the year. This work is being augmented by a review of demonstration plant pilot operations reports and control estimates from EPCM Stage 1 works. In addition, BDA completed the Environmental and Social Due Diligence Review Report during the March 2022 quarter. DFC has provided a short list for legal counsel to undertake legal due diligence and facilities documentation following confirmation of the commercial lenders.

In parallel, Lions Head advanced discussions with other Development Finance Institutions, as well as commercial lenders and export credit agencies for debt finance for the chemical plant development in Abu Dhabi.

Patents & Trademarks

At 30 June 2022, the Company held granted patents for its L-Max[®] technology in the United States, Europe, Japan and Australia, along with an Innovation Patent in Australia. National phase patent applications are well advanced in the other key jurisdictions, with these processes expected to continue during calendar year 2022. The Company also has a patent granted for its process technology for lithium recovery from phosphate minerals (amblygonite) from the United States, Japan and Australia.

The national and regional phase of the patent application process is progressing for LOH-Max[®] under PCT/AU2020/050090. The S-Max[®] national phase patent applications are progressing under PCT/AU2019/050317 and PCT/AU2019/050318. In addition, the national and regional phase of the patent application process for the production of caesium, rubidium and potassium brines and other formates is continuing under PCT/AU2019/051024. The national and regional phase applications for the above processes are expected to continue beyond 2022.

On 1 April 2022, the Company progressed with an International application under the Patent Cooperation Treaty (PCT) and was allotted the number PCT/AU2022/050297 for the lithium carbonate recovery process from a raw lithium hydroxide material.

On 1 October 2021 a provisional patent application was filed for the preparation of Cs-Rb-K alkali salt solutions from lithium mica mineral source material. This refining process has application in tailoring ternary materials for industrial catalyst applications.

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

Other than the matters discussed above there are no other matters or circumstances which have arisen since 30 June 2022 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 to become a vertically integrated alkali metals chemical company through the commercialisation of its proprietary technologies including L-Max® and LOH-Max® 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.

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 contract 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
73,000,000	\$0.025	21 November 2019	21 November 2022
75,000,000	\$0.016	8 December 2020	8 December 2022
5,967,000	\$0.350	11 July 2019	26 February 2023
478,597,823	\$0.026	18 June 2021	18 June 2023
67,500,000	\$0.012	19 November 2020	19 November 2023
18,090,000	\$0.020	11 July 2019	14 January 2024
67,500,000	\$0.072	18 November 2021	18 November 2024
785,654,823			

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 2022 is included on page 65 of the Directors' Report.

The Auditor did not provide any non-audit services for the year ended 30 June 2022 (2021: \$Nil)

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 Nomination & 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 Nomination & 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.

During the financial year, Mercer Consulting (Australia) Pty Ltd (Mercer) was engaged by the Nomination & Remuneration Committee to review elements of KMP remuneration for the year commencing 1 July 2022 including the provision of comparative information relating to the KMP remuneration for the Company's peers. The Company has not engaged Mercer to provide any other services and the Board is satisfied that the remuneration review undertaken was free from undue influence by members of KMP to whom the review relates. The Nomination & Remuneration Committee made recommendations to the Board and those recommendations were approved by the Board.

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 Chair
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director

Executive Director

Mr Joe Walsh	Managing Director
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Executives

Ms Shontel Norgate	Chief Financial Officer & Joint Company Secretary
Mr Peter Walker	GM – Project Development
Ms Benedicta Uris	GM – Sustainability & Country Affairs Namibia (appointed 20 April 2022)
Mr Tom Dukovcic	GM – Geology
Mr Alex Neuling ⁽¹⁾	Joint Company Secretary

⁽¹⁾ Mr Neuling provides services as a Joint Company Secretary through a services agreement with Erasmus Consulting (Erasmus).

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

Non-Executive Director Remuneration

Fees and payments to the Non-Executive Directors reflect the demands made, and the responsibilities placed on the Non-Executive Directors. The maximum annual aggregate directors' fee pool limit is \$600,000 and was approved by shareholders at the annual general meeting on 22 November 2018.

The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable companies) and reflect the demands made and the responsibilities placed on the Non-Executive Directors.

Non-Executive Director fees approved by the Board since 1 December 2018 are:

Base cash fees (annual) Non-Executive Chair	\$ 80,000
Other Non-Executive Directors	\$ 50,000
Chair of Audit & Governance /Nomination & Remuneration Committee	\$ 10,000
Member of Audit & Governance /Nomination & Remuneration Committee	\$ 10,000

On formation of the Diversity Committee, it was resolved by the Committee members that the Committee would forgo any Fees and the decision would be reviewed once a final investment decision was reached by the Board.

Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholders' interests, Directors 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 expenses 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 Nomination & Remuneration 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 the key milestones relating to the development of the integrated Phase 1 Project with permits and approvals in place for the integrated Phase 1 Project and sites development ready, offtake secured for lithium hydroxide and early services and FEED completed for the Karibib Project in Namibia and well advanced for the Chemical Plant in Abu Dhabi. The Company completed a successful drilling program with results released in late June. The Company continued to ensure the health and safety of its employees.

For the year ended 30 June 2022, STIs of \$401,146 (including superannuation) were payable to KMP of the Company or Group (2021: \$322,920.82).

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 pre-development 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, given the pre-development stage of the business 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 be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$
Net Profit/(Loss)	(7,219,713)	(5,105,014)	(10,118,237)	\$282,556	(7,941,340)
EPS	(0.003)	(0.002)	(0.002)	0.00006	(0.00127)
Share price at 30 June	0.037	0.026	0.007	0.01	0.026

B. Details Of Remuneration

Amounts of remuneration

Details of the remuneration paid or payable to the directors and Key Management Personnel of the Group are set out in the following tables. Cash Salary and Fees for KMP in 2021 included deferred remuneration relating to 2020 which was paid during the financial year ended 30 June 2021.

		Short-term Benefits			Post-employment benefits		Share-based payments	Total
		Cash Salary and Fees	Deferred Cash Salary and Fees	Other (STI)	Retirement Benefits	Deferred Retirement Benefits (Deferred)	Equity Options	
							Vested	
		\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors								
Mr Gary Johnson	2022	100,000	-	-	10,000	-	202,500	312,500
	2021	100,000	25,000	-	9,500	2,375	37,500	174,375
Mr Mark Rodda	2022	80,000	-	-	8,000	-	202,500	290,500
	2021	80,000	20,000	-	7,600	1,900	37,500	147,000
Ms Cynthia Thomas	2022	88,000	-	-	-	-	202,500	290,500
	2021	87,600	21,900	-	-	-	37,500	147,000
Executive Directors								
Mr Joe Walsh ¹	2022	408,317	-	161,157	-	-	405,000	974,474
	2021	376,496	18,825	145,639	-	-	75,000	615,960
Executives								
Mr Tom Dukovcic	2022	218,182	-	55,776	21,818	-	270,000	565,776
	2021	208,478	9,406	48,410	19,805	894	50,000	336,993
Ms Shontel Norgate ²	2022	321,209	-	79,236	-	-	270,000	670,445
	2021	263,547	13,177	63,755	-	-	50,000	390,479
Ms Benedicta Uris ³	2022	49,101	-	14,482	-	-	-	63,583
	2021	-	-	-	-	-	-	-
Mr Peter Walker ⁴	2022	405,407	-	90,495	-	-	270,000	765,902
	2021	248,587	17,750	59,718	-	-	50,000	376,055
Mr Alex Neuling ⁵	2022	45,425	-	-	-	-	-	45,425
	2021	37,026	-	-	-	-	-	37,026
Total Directors' and KMP remuneration	2022	1,715,641	-	401,146	39,818	-	1,822,500	3,979,105
	2021	1,401,734	126,058	317,522	36,905	5,169	337,500	2,224,888

- (1) Mr Walsh is remunerated in Canadian dollars and his total salary paid was C\$375,000 (2021: C\$378,525 including C\$18,025 paid as deferred remuneration). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.0888 (2021: C\$1.00 for every A\$1.0444).
- (2) Ms Norgate is remunerated in Canadian dollars and her total salary paid was C\$295,000 (2021: C\$264,968, including C\$12,617 paid as deferred remuneration). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of C\$1.00 for every A\$1.0888 (2021: C\$1.00 for every A\$1.0444).
- (3) Ms Uris joined the Company as GM-Sustainability and Country Affairs – Namibia on 20 April 2022. Ms Uris is remunerated in Namibian dollars and her total salary paid was N\$542,040 (2021: Nil). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of N\$1.00 for every A\$0.0906 (2021: Nil).
- (4) Mr Walker is remunerated in Great British pounds and his total salary paid was GBP£221,020 (2021: GBP£147,700, including GBP£9,800 paid as deferred remuneration). The Company uses the average annual rate to translate remuneration into the reporting currency and has been translated at the rate of GBP£1.00 for every A\$1.8343 (2020: GBP£1.00 for every A\$1.8027).
- (5) Mr Neuling provides services as the Joint Company Secretary through a services agreement with Erasmus Consulting Pty Ltd (Erasmus). During the year Erasmus was paid or is payable fees of \$45,425 (2021: \$37,026) for the provision of company secretarial services to the Group.

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

	2022	2021
	\$	\$
Payments to director-related entities ¹	2,609,905	114,271

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 2022 invoices totalling \$141,777 (2021: \$Nil) were payable.

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 with the Group. 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 C\$375,000 per annum. Mr Walsh did not receive an increase to base salary during the reporting period; however an increase in base salary to C\$465,500 was awarded effective from 1 July 2022. A monetary bonus of C\$139,500 has been awarded for the financial year ended 30 June 2022 (2021: C\$135,548). Payment of the salary increase and bonus will be deferred until satisfaction of certain KPIs.

Termination of the employment agreement requires 6 months written notice. Upon termination, the MD is entitled to receive from the Group 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, GM - Geology (GMG) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as GMG and provides for an annual review of base remuneration taking into account performance. Mr Dukovcic's remuneration includes a salary of \$240,000 per annum inclusive of superannuation. Mr Dukovcic did not receive an increase to base salary during the reporting period; however an increase in total fixed remuneration to \$275,000 inclusive of superannuation, was awarded effective from 1 July 2022. A monetary bonus of \$55,776 (inclusive of superannuation) has been awarded for the financial year ended 30 June 2022 (2021: \$48,410). Payment of the salary increase and bonus will be deferred until satisfaction of certain KPIs.

Termination of the employment agreement requires 6 months written notice. Upon termination, the GMG 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 GMG 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 with the Group. 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 C\$295,00 per annum. Ms Norgate did not receive an increase to base salary during the reporting period; however an increase in base salary to C\$357,500 was awarded effective from 1 July 2022. A monetary bonus of C\$68,587 has been awarded for the financial year ended 30 June 2022 (2021: C\$59,338). Payment of the salary increase and bonus will be deferred until satisfaction of certain KPIs.

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).

Mr Peter Walker, General Manager – Project Development (GMP) has an employment agreement with the Group. The agreement specifies duties and obligations to be fulfilled as GMP and provides for an annual review of base remuneration taking into account performance. Mr Walker is employed on a casual basis based on the number of days worked and earned a salary of GBP221,020 for the financial year (2021: GBP137,900). Mr Walker did not receive an increase to base rate during the reporting period. A monetary bonus of GBP51,365 has been awarded for the financial year ended 30 June 2022 (2021: C\$32,407). Effective from 1 September, Mr Walker's role transitioned to Technical Advisor the Board.

Termination of the employment agreement requires 1 months written notice. Upon termination, the GMP is entitled to receive from the Company all payments owed to him under the employment agreement up to and including the date of termination.

Ms Benedicta Uris, General Manager – Sustainability & Country Affairs – Namibia (SCA) has an employment agreement with the Group commencing 20 April 2022. The agreement specifies duties and obligations to be fulfilled as SCA and provides for an annual review of base remuneration taking into account performance. Ms Uris' remuneration includes a salary of N\$2,800,000 per annum. Ms Uris did not receive an increase to base salary during the reporting period; however an increase in base salary to N\$3,022,222 was awarded effective from 1 July 2022. A monetary bonus of N\$162,680 has been awarded for the financial year ended 30 June 2022. Payment of the salary increase and bonus will be deferred until satisfaction of certain KPIs.

Termination of the employment agreement requires 3 months written notice. Upon termination, the SCA 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.

D. Share Based Compensation

Share Holdings

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

2022	Balance at start of year	Purchased	Exercised Options	Sold	Other Net Change	Balance at end of year
Non-Executive Directors						
Mr Gary Johnson	370,618,485	-	8,674,569	(43,934,728)	-	335,358,326
Mr Mark Rodda	-	-	7,500,000	(7,500,000)	-	-
Ms Cynthia Thomas	-	-	7,500,000	(7,500,000)	-	-
Executive Directors						
Mr Joe Walsh	33,108,572	-	15,360,000	(13,000,000)	-	35,468,572
Key Management						
Mr Tom Dukovcic	6,602,958	666,666	10,005,488	(10,666,666)	-	6,608,446
Ms Shontel Norgate	5,564,022	-	10,000,000	(1,250,000)	-	14,314,022
Ms Benedicta Uris	-	-	-	-	-	-
Mr Peter Walker	-	-	-	-	-	-
Mr Alex Neuling	3,898,495	-	-	-	-	3,898,495
Total	419,792,532	666,666	59,040,057	(83,851,394)	-	395,647,861

Option Holdings

2022	Balance at start of year	Granted during the year as remuneration	Exercised during year	Expired during year	Balance at end of year	* Vested and exercisable at end of year
Non-Executive Directors						
Mr Gary Johnson	28,433,188	7,500,000	(8,674,569)	(3,330,664)	23,927,955	23,927,955
Mr Mark Rodda	22,500,000	7,500,000	(7,500,000)	-	22,500,000	22,500,000
Ms Cynthia Thomas	22,500,000	7,500,000	(7,500,000)	-	22,500,000	22,500,000
Executive Directors						
Mr Joe Walsh	46,429,286	15,000,000	(15,360,000)	(125,000)	45,944,286	45,944,286
Key Management						
Mr Tom Dukovcic	30,283,284	10,000,000	(10,005,488)	(277,796)	30,000,000	30,000,000
Ms Shontel Norgate	30,278,202	10,000,000	(10,000,000)	(278,202)	30,000,000	30,000,000
Ms Benedicta Uris	-	-	-	-	-	-
Mr Peter Walker	10,000,000	10,000,000	-	-	20,000,000	20,000,000
Mr Alex Neuling	4,171,757	-	-	-	4,171,757	4,171,757
Total	194,595,717	67,500,000	(59,040,057)	(4,011,662)	199,043,998	199,043,998

Details of the share options granted during the year as remuneration are disclosed in Note 18(b) as approved by shareholders at the Company's Annual General Meeting in November 2021.

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 22nd day of September 2022.

**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, during the year ended 30 June 2022 there has been:

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



Neil Pace
Partner



MOORE AUSTRALIA AUDIT (WA)
Chartered Accountants

Signed at Perth this 22nd day of September 2022.

Moore Australia Audit (WA) – ABN 16 874 357 907.

An independent member of Moore Global Network Limited - members in principal cities throughout the world.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit and Loss and Other Comprehensive Income
as at 30 June 2022

	Note	2022 \$	2021 \$
Continuing Operations			
Other income	4	11,861	4,137,670
Business development expenses		(680,048)	(376,399)
Administrative expenses	5	(2,032,681)	(1,318,832)
Employment benefits		(2,121,351)	(1,639,182)
Depreciation		(411,213)	(278,862)
Share based payments		(1,822,500)	(337,500)
Accretion expense		-	(434,122)
Finance costs		(393,003)	-
Exploration and evaluation expenditure expensed		(452,275)	(408)
Realised foreign exchange gain/(loss)		37,742	(63,248)
Loss before income tax		(7,863,468)	(310,883)
Income tax benefit/(expense)	6	(77,872)	593,439
Profit/(Loss) from continuing operations after tax		(7,941,340)	282,556
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		159,065	473,181
Total comprehensive loss for the year		(7,782,275)	755,737
Comprehensive profit/(loss) for the year attributable to:			
Owners of the parent		(7,550,699)	904,916
Non-controlling interest		(231,576)	(149,179)
		(7,782,275)	755,737
Gain/(Loss) per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted profit/(loss) per share	8	(0.00127)	0.00006

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
as at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	8,042,822	14,738,020
Trade and other receivables	10	2,204,232	243,786
TOTAL CURRENT ASSETS		10,247,054	14,981,806
NON-CURRENT ASSETS			
Trade and other receivables	10	632,379	71,489
Property, plant and equipment	11	8,590,777	1,669,081
Exploration and evaluation expenditure	12	46,763,770	43,986,682
Intangible asset	13	29,065,361	24,631,056
TOTAL NON-CURRENT ASSETS		85,052,287	70,358,308
TOTAL ASSETS		95,299,341	85,340,114
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,986,170	967,684
Provisions	15	178,697	140,105
Lease Liabilities	16	279,751	-
Deferred Revenue	17	6,613,159	-
TOTAL CURRENT LIABILITIES		9,057,777	1,107,789
NON-CURRENT LIABILITIES			
Provisions	15	670,970	-
Lease Liabilities	16	6,744,318	-
Deferred Revenue	17	-	6,071,577
Deferred Tax Liability	6	2,384,718	3,211,069
TOTAL NON-CURRENT LIABILITIES		9,800,006	9,282,646
TOTAL LIABILITIES		18,857,783	10,390,435
NET ASSETS		76,441,558	74,949,679
EQUITY			
Issued capital	18	102,655,726	94,656,278
Reserves	19	8,044,715	6,610,944
Equity component of convertible note		990,000	990,000
Accumulated losses		(41,653,272)	(33,943,508)
Equity attributable to owners of the Parent		70,037,169	68,313,714
Non-controlling interests		6,404,389	6,635,965
TOTAL SHAREHOLDERS EQUITY		76,441,558	74,949,679

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the Year ended 30 June 2022

Attributable to the owners of the Company										
	Reserves				Equity component of convertible note		Non Controlling Interest	Total Equity		
	Issued Capital	Options	Warrants	Foreign Currency	Accumulated Losses	Total				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance at 1 July 2020	80,081,594	4,915,097	415,135	377,488	990,000	(34,375,243)	52,404,071	6,785,144	59,189,215	
Profit/(Loss) for the year	-	-	-	-	-	431,735	431,735	(149,179)	282,556	
Other comprehensive loss	-	-	-	473,181	-	-	473,181	-	473,181	
Options issued	-	448,673	-	-	-	-	448,673	-	448,673	
Options exercised	42,898	-	-	-	-	-	42,898	-	42,898	
Fair value of options exercised	18,630	(18,630)	-	-	-	-	-	-	-	
Shares issued	14,513,156	-	-	-	-	-	14,513,156	-	14,513,156	
Balance at 30 June 2021	94,656,278	5,345,140	415,135	850,669	990,000	(33,943,508)	68,313,714	6,635,965	74,949,679	
Profit/(Loss) for the year	-	-	-	-	-	(7,709,764)	(7,709,764)	(231,576)	(7,941,340)	
Other comprehensive loss	-	-	-	159,064	-	-	159,064	-	159,064	
Options issued	-	1,822,500	-	-	-	-	1,822,500	-	1,822,500	
Options exercised	7,451,655	-	-	-	-	-	7,451,655	-	7,451,655	
Fair value of options exercised	547,793	(547,793)	-	-	-	-	-	-	-	
Balance at 30 June 2022	102,655,726	6,619,847	415,135	1,009,733	990,000	(41,653,272)	70,037,169	6,404,389	76,441,558	

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flow

for the Year ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from technology licence holder		-	4,084,027
Receipts from government assistance programs		-	53,421
Payments to suppliers and employees		(4,969,220)	(3,101,060)
Payment of land lease deposit		(514,769)	-
Interest received		1,442	222
Net cash provided by/(used in) operating activities	23	(5,482,547)	1,036,610
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation activities		(3,063,640)	(998,874)
Payments for research and development activities		(5,478,367)	(692,844)
Proceeds from research and development tax credit		-	1,243,863
Payments for property, plant and equipment		(98,586)	(92,283)
Proceeds from property, plant and equipment		9,562	-
Payments for acquisition of Bright Minz Pty Ltd		-	(10,000)
Net cash used in investing activities		(8,631,031)	(550,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of costs)		-	14,595,619
Proceeds from exercise of options (net of costs)		7,432,350	111,394
Repayment of convertible note		-	(5,176,401)
Net cash provided by financing activities		7,432,350	9,530,612
Net increase/(decrease) in cash held		(6,681,228)	10,017,084
Cash at beginning of financial year		14,738,020	4,792,713
Effect of foreign exchange rate changes		(13,970)	(71,777)
Cash at end of financial year	9	8,042,822	14,738,020

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the Year ended 30 June 2022

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 22nd September 2022 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 ability of the Group to continue as a going concern is dependent on the Company being able to continue to raise additional funds as required to meet ongoing exploration and development programs and working capital. Further, the consequences of the COVID-19 pandemic have negatively impacted the global economy and created volatile market dynamics.

For the year ended 30 June 2022, the Group incurred a net loss after tax of \$7,941,340 and a net cash outflow from operations of \$5,482,547. At 30 June 2022, the Company had net current assets of \$1,189,277.

The financial report has been prepared on a going concern basis which the Directors consider to be appropriate as they believe that the Group will be able to raise additional capital as required based on existing standby equity raising facilities in place and the successful outcome of previous Entitlement Offers. The Company is well advanced in its discussions with financial institutions in relation to securing debt financing for the Phase 1 Project. There remains ongoing interest in the Company and the long term outlook for the lithium industry remains robust.

While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. The Company's opinion concerning its ability to secure future financing options is based on currently available information. To the extent that this information proves to be inaccurate, or the COVID-19 pandemic continues for a prolonged period of time and/or impacts capital markets further the future availability of financing may be adversely affected.

(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.

Note 1: Statement of Significant Accounting Policies (continued)

(b) Principles of Consolidation (continued)

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.

(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 (continued)

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 (continued)

(g) Leases (the Group as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

The present value of the lease liability is increased by the interest cost and decreased by the lease payment each period over the life of the lease. The Group includes right of use leased assets separately in Property, Plant, Equipment disclosures. All new contracts of the Group are assessed on an ongoing basis to determine if a right of use asset exists and if they require recognition under the requirements of the lease standard.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(h) 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.

Note 1: Statement of Significant Accounting Policies (continued)

(h) Exploration and Development Expenditure (continued)

Any changes in the estimates for the costs of site restoration 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.

(i) 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.

(j) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

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

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Note 1: Statement of Significant Accounting Policies (continued)

(j) Financial Instruments (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

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

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

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

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

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Note 1: Statement of Significant Accounting Policies (continued)

(j) Financial Instruments (continued)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Note 1: Statement of Significant Accounting Policies (continued)

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the general approach to impairment, as applicable under AASB 9: Financial Instruments.

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(k) 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.

(l) 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.

Note 1: Statement of Significant Accounting Policies (continued)

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.

(m) 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.

(n) 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.

(o) 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.

(p) 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).

(q) 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.

(r) 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.

Note 1: Statement of Significant Accounting Policies (continued)

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 Assets (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 13 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).

(s) *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.

(t) *New and Amended Accounting Policies Adopted by the Group*

None noted.

(u) *New Accounting Standards for Application in Future Periods*

None noted.

(v) *Comparative Figures*

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

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 2: Interests in other entities

(a) Controlled entities

The Group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business

	Country of Incorporation	Interest as at 30 June (%)		Principal Activity
		2022	2021	
Parent Entity:				
Lepidico Ltd	Australia			
Subsidiaries of Lepidico Ltd:				
Lepidico Holdings Pty Ltd	Australia	100	100	Lithium Exploration and Investment
Li Technology Pty Ltd	Australia	100	100	Holder of L-Max® Technology
Silica Technology Pty Ltd	Australia	100	100	Holder of S-Max® Technology
Bright Minz Pty Ltd	Australia	100	100	Holder of LOH-Max® Technology
Mica Exploration Pty Ltd	Australia	100	100	Lithium Exploration
Lepidico (Netherlands) Coöperatief U.A.	Netherlands	100	100	International Holding Company
Lepidico (Netherlands) B.V.	Netherlands	100	100	Global Marketing Company
Lepidico (UK) Ltd	United Kingdom	100	100	Management Company
Lepidico (Canada) Ltd	Canada	0	100	Deregistered
Lepidico Holdings (Canada) Inc	Canada	100	100	Holding Company
Lepidico (Canada) Inc	Canada	100	100	Management Company
Lepidico (Mauritius) Ltd	Mauritius	100	100	Holding Company
Lepidico Chemicals Namibia (Pty) Ltd	Namibia	80	80	Exploration and Development Company
Lepidico Infrastructure Namibia (Pty) Ltd	Namibia	100	100	Dormant
Lepidico Chemicals Manufacturing Ltd	UAE	100	100	Developer of Phase 1 Chemical Plant

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 2: Interests in other entities (continued)

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for Lepidico Chemicals Namibia (Pty) Ltd (LCN), the subsidiary that has a non-controlling interest and is material to the group. The amounts disclosed for the subsidiary are in Australian dollars (A\$) before inter-company eliminations.

Summarised Balance Sheet

	2022 \$	2021 \$
Current assets	727,828	1,085,257
Current liabilities	(7,124,841)	(157,432)
Current net assets/(liabilities)	(6,397,013)	927,825
Non-current assets	20,479,630	17,903,304
Non-current liabilities	(5,876,033)	(8,925,977)
Non-current net assets	14,603,597	8,977,327
Net assets	8,206,584	9,905,152
Accumulated NCI	6,404,389	6,635,965

Summarised statement of comprehensive income

	2022 \$	2021 \$
Revenue	8,157	-
Profit/(Loss) for the period	(1,157,879)	(745,897)
Other comprehensive income	(542,372)	2,842,386
Total comprehensive income	(1,700,251)	2,097,489
Profit/(Loss) allocated to NCI	(231,576)	(149,179)

Summarised cashflows

	2022 \$	2021 \$
Cash flows from operating activities	(608,101)	(247,560)
Cash flows from investing activities	(2,765,633)	(654,186)
Cash flows from financing activities	2,507,007	1,796,229
Net increase/(decrease) in cash and cash equivalents	(866,727)	894,483

Under the Shareholders' Agreement Term Sheet, Lepidico Ltd, has the discretion to either finance all expenditures of LCN and/or arrange for third party financing. LCN is currently funded via an interest bearing intercompany loan facility between the Company and LCN.

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 3: Business Combination

(a) Prior Period

On 25 November 2020, the Company acquired 100% of the issued capital in Bright Minz Pty Ltd (Bright Minz). Bright Minz is the holder of the LOH-Max® process technology which was developed for the production of high purity lithium hydroxide monohydrate from a lithium sulphate intermediate, without production of sodium sulphate, thereby reducing capital and operating costs versus conventional process technologies.

The acquisition of LOH-Max® brings all the process technologies employed by the Phase 1 Project under the Lepidico umbrella, thereby streamlining the process for future third party licences.

Details of this business combination were included in Note 3 of the Group's annual financial statements for the year ended 30 June 2021.

Note 4: Revenue

	2022 \$	2021 \$
Technology Licence Fees	-	4,084,027
Income	-	4,084,027
Interest	1,442	222
Profit on Sale of Fixed Assets	8,157	-
Government assistance programs	-	53,421
Other	2,262	-
Other Income	11,861	53,643
Total Revenue	11,861	4,137,670

Note 5: Administrative Expenses

	2022 \$	2021 \$
Office & general	452,434	273,457
Professional services	682,737	628,844
Compliance related	666,536	416,531
Travel	230,974	-
Total Administrative Expenses	2,032,681	1,318,832

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 6: Income Tax Expense

	2022 \$	2021 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	77,872	(593,439)
Losses recouped not previously recognised	-	-
Income tax expense/(benefit) reported in statement of comprehensive income	77,872	(593,439)
(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 30% (2021:30%)	(2,359,040)	(93,264)
Add tax effect of:		
- Share based payments	546,750	101,250
- Foreign expenditure	-	48,973
- Deferred tax balances not recognised	2,215,209	(519,413)
- Foreign tax rate differential	(51,423)	(44,508)
- Adjustments to income tax of previous years	(120,468)	431,909
- CGT Adjustments	-	(482,804)
- Other non-allowable items	(153,156)	(35,582)
Less tax effect of:		
- Deferred tax balances not recognised	-	-
- Losses recouped not previously recognised	-	-
Income tax expense/(benefit) reported in statement of comprehensive income	77,872	(593,439)
(c) Deferred tax recognised:		
Deferred Tax Liabilities:		
Karibib assets	(2,384,718)	(3,211,069)
Exploration expenditure	(4,245)	(4,245)
Property, plant and equipment	-	(16,469)
L-Max® Technology	(298,445)	(356,263)
L-Max® Pilot Plant	(726,432)	(725,102)
Other	(17,416)	(13,210)
Deferred Tax Assets:		
Carry forward revenue losses	1,046,538	1,115,289
Net deferred tax	(2,384,718)	(3,211,069)
(d) Unrecognised deferred tax assets:		
Carry forward revenue losses	11,346,995	9,472,874
Capital raising and other costs	136,339	279,785
L-Max® Licence	21,826	21,826
Bright Minz acquisition	-	2,520
Provision and accruals	32,272	24,397
	11,537,432	9,801,402

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 6: Income Tax Expense (continued)

(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:

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

Note 7: Auditor's Remuneration

	2022 \$	2021 \$
Audit services	50,354	49,461

Note 8: 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.

	2022 \$	2021 \$
Profit/(Loss) attributable to the ordinary equity holders of the Company	(0.00127)	0.00006
	\$	\$
Profit/(Loss) from continuing operations	(7,941,340)	282,556
	No.	No.
Weighted average number of ordinary shares	6,247,028,694	5,218,441,770

Note 9: Cash and Cash Equivalents

	2022 \$	2021 \$
Cash at bank and in hand	8,042,822	14,738,020

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 10: Trade and Other Receivables

	2022 \$	2021 \$
Current		
Prepaid expenses	120,108	66,063
R&D tax rebate receivable	1,503,314	24,519
Goods and services tax receivable	580,810	153,204
Total Current Trade and Other Receivables	2,204,232	243,786
Non-Current		
Cash backed guarantees	632,379	71,489
Total Non-Current Trade and Other Receivables	632,379	71,489
Total Trade and Other Receivables	2,836,611	315,275

Note 11: Property, Plant and Equipment

	Buildings & Infrastructure	Furniture, Fittings & Equipment	Motor Vehicles	Assets under Construction	Right of Use Asset	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance at 1 July 2020	1,741,511	266,067	215,359	2,392,807	-	4,615,744
Additions	-	92,283	-	-	-	92,283
Disposals	-	(23,821)	-	-	-	(23,821)
Impact of foreign exchange	-	(543)	-	-	-	(543)
Balance at 30 June 2021	1,741,511	333,986	215,359	2,392,807	-	4,683,663
Additions	19,586	75,293	3,707	-	6,835,463	6,934,049
Disposals	-	(84,048)	(25,536)	(2,392,807)	-	(2,502,391)
Impact of foreign exchange	-	(17,844)	(12,176)	-	446,000	415,980
Balance at 30 June 2022	1,761,097	307,387	181,354	-	7,281,463	9,531,301
Accumulated Depreciation						
Balance at 1 July 2020	130,510	124,843	63,954	2,392,807	-	2,712,114
Depreciation	135,636	76,761	66,466	-	-	278,863
Disposals	-	(23,821)	-	-	-	(23,821)
Impact of foreign exchange	23,684	12,134	11,608	-	-	47,426
Balance at 30 June 2021	289,830	189,917	142,028	2,392,807	-	3,014,582
Depreciation	147,503	41,869	23,301	-	198,540	411,213
Disposals	-	(43,688)	(25,537)	(2,392,807)	-	(2,462,032)
Impact of foreign exchange	(20,400)	(6,606)	(6,626)	-	10,393	(23,239)
Balance at 30 June 2022	416,933	181,492	133,166	-	208,933	940,524
Net Book Value						
At 30 June 2021	1,451,681	144,069	73,331	-	-	1,669,081
At 30 June 2022	1,344,164	125,895	48,188	-	7,072,530	8,590,777

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 12: Exploration and Evaluation Expenditure

	2022 \$	2021 \$
Exploration expenditure	46,763,770	43,986,682

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.

	2022 \$	2021 \$
Reconciliation of movements during the year:		
Balance at the beginning of year	43,986,682	42,725,634
Exploration and evaluation costs capitalised	3,359,636	1,054,639
Exploration and evaluation costs written off	(452,275)	(408)
Impact of foreign exchange	(130,273)	206,817
Balance at the end of the year	46,763,770	43,986,682

Note 13: Intangible assets

	2022 \$	2021 \$
L-Max® Technology	28,413,680	24,055,934
S-Max® Technology	149,017	149,017
LOH-Max® Technology	502,664	426,105
Intangible assets	29,065,361	24,631,056

The recoverability of the carrying amount of the L-Max®, S-Max® and LOH-Max® Technologies 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 assets once full commercialisation of production commences.

	2022 \$	2021 \$
Reconciliation of movements during the year:		
Balance at the beginning of year	24,631,056	23,870,434
Development costs capitalised	5,937,619	774,687
Technology acquired	-	10,000
Research and Development Tax Credit received/receivable	(1,503,314)	(24,519)
Impact of foreign exchange	-	454
Balance at the end of the year	29,065,361	24,631,056

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 14: Trade and Other Payables

	2022 \$	2021 \$
Current		
Trade payables	1,352,457	503,334
Sundry payables and accrued expenses	633,713	464,350
Total Current Trade and Other Payables	1,986,170	967,684

Note 15: Provisions

	2022 \$	2021 \$
Current		
Employee Provisions	178,697	140,105
Total Current Provisions	178,697	140,105
Non-Current		
Make good provision (KIZAD)	670,970	-
Total Non-Current Provisions	670,970	-
Total Provisions	849,667	140,105

	2022 \$	2021 \$
Reconciliation of movements in Employee Provisions during the period:		
Balance at the beginning of period	140,105	107,652
Additional provisions	125,217	91,198
Provisions used	(90,878)	(61,244)
Impact of foreign exchange	4,253	2,499
Balance at the end of the period	178,697	140,105

	2022 \$	2021 \$
Reconciliation of movements in Make Good Provision during the period:		
Balance at the beginning of period	-	-
Additional provisions	596,030	-
Unwinding of discount	34,268	-
Impact of foreign exchange	40,672	-
Balance at the end of the period	670,970	-

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 16: Lease Liability

	2022 \$	2021 \$
Current		
Lease Liability	279,751	-
Total Current Lease Liability	279,751	-
Non-Current		
Lease Liability	6,744,318	-
Total Non-Current Lease Liability	6,744,318	-
Total Lease Liability	7,024,069	-

During the period the Group entered into the Musataha lease agreement with Abu Dhabi Ports securing the 57,000m² site for the Phase 1 chemical plant for an initial term of 25 years.

	2022 \$	2021 \$
Reconciliation of movements during the year:		
Balance at the beginning of period	-	-
Additions	6,239,562	-
Interest expense	358,735	-
Impact of foreign exchange	425,772	-
Balance at the end of the year	7,024,069	-

Note 17: Deferred Revenue

Deferred revenue of \$6,613,159 (US\$4,558,272) represents a payment from Jiangxi Jinhui Lithium Co Ltd (Jinhui), a private Chinese corporation under an offtake agreement dated 6 November 2017 and subsequently amended on 13 February 2018 (the Jinhui Lithium Offtake Agreement) which provides for the sale of material located in the stockpile at the Karibib project in Namibia.

The deferred revenue is classified as deferred revenue as the payment is no longer refundable and shall continue to amortise against any future shipments of the stockpile material.

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

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

As the Jinhui Offtake Agreement expires on 16 November 2022, Deferred Revenue is presented as a current liability. Refer Note 25(b).

	2022 \$	2021 \$
Reconciliation of movements during the year:		
Balance at the beginning of the year	6,071,577	6,629,144
Impact of foreign exchange	541,582	(557,567)
Balance at the end of the year	6,613,159	6,071,577

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 18: Contributed Equity

a) Share capital

	2022		2021	
	Number	\$	Number	\$
Fully paid ordinary shares	6,507,171,533	108,456,563	6,152,082,446	100,447,338
Share Issue Costs		(5,800,837)		(5,791,060)
		102,655,726		94,656,278

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	30 June 2021	6,152,082,446		94,656,278
Exercise of listed LPDOC options	Various	259,980,404	0.02	5,199,608
Exercise of listed LPDOB options	Various	1,624,899	0.05	81,245
Exercise of listed LPDOD options	Various	3,483,784	0.026	90,578
Exercise of unlisted options	Various	65,000,000	0.026	1,690,000
Exercise of unlisted options	13 April 2022	25,000,000	0.016	400,000
Fair value of options exercised	Various	-	-	547,793
Less: Share Issue Costs				(9,776)
Closing Balance		6,507,171,533		102,655,726

b) Share options

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

Number	Exercise Price	Grant	Expiry
73,000,000	\$0.025	21 November 2019	21 November 2022
75,000,000	\$0.016	8 December 2020	8 December 2022
5,967,000	\$0.350	11 July 2019	26 February 2023
478,617,523	\$0.026	18 June 2021	18 June 2023
67,500,000	\$0.012	19 November 2020	19 November 2023
18,090,000	\$0.020	11 July 2019	14 January 2024
67,500,000	\$0.072	18 November 2021	18 November 2024
785,674,523			

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 18: Contributed Equity (continued)

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

		Weighted Average Exercise Price
	Number	\$
Balance at 1 July 2020	914,500,539	0.040
Granted	649,601,307	0.023
Exercised	(2,144,794)	0.020
Expired	(270,518,031)	0.054
Balance at 30 June 2021	1,291,439,021	0.029
Granted	67,500,000	0.072
Exercised	(355,089,087)	0.021
Expired	(218,175,411)	0.049
Balance at 30 June 2022	785,674,523	0.030

c) Share Based Payments

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

(i) Related Party Options

On 18 November 2021, the Company issued a total of 67,500,000 options to directors, employees and consultants under the Company's Share Option Plan and were valued using Black Scholes with the following assumptions:

	Unlisted Options
Number of options in series	67,500,000
Grant date share price	\$0.044
Exercise price	\$0.072
Expected volatility	119%
Option life	3 years
Dividend yield	0.00%
Interest Rate	0.5%
Value per option	\$0.027

d) Warrants

As at reporting date, all warrants associated with the Desert Lion Energy Inc business combination had expired.

e) Controlled Placement Agreement

The Company has a Controlled Placement Agreement (CPA) with Acuity Capital in place to provide Lepidico with up to \$7.5 million of standby equity capital to fund future product research and development work, new process technology development and working capital. As collateral for the CPA, Lepidico issued an initial 230,000,000 ordinary shares at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

The facility was extended to 31 January 2024 during the year.

At 30 June 2022 there remains \$4.475 million available under the CPA with 96,000,000 Collateral Shares held by Acuity Capital. If the Collateral Shares are unused on the expiry date, or the facility is otherwise terminated, the Collateral Shares are required to be returned to the Company.

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 19: Reserves

	2022 \$	2021 \$
Option Reserve	6,619,847	5,345,140
Warrant Reserve	415,135	415,135
Foreign Currency Translation Reserve	1,009,733	850,669
Total Reserves	8,044,715	6,610,944

a) Option Reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised.

	2022 \$	2021 \$
Opening Balance	5,345,140	4,915,097
Share based payments for the year	1,822,500	337,500
Options acquired during the year	-	111,173
Transfer of value on exercise of options	(547,793)	(18,630)
Closing Balance	6,619,847	5,345,140

b) Warrant Reserve

The warrants reserve is used to recognise the fair value of all warrants contractually recognised but not yet exercised.

	2022 \$	2021 \$
Closing Balance	415,135	415,135

c) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

	2022 \$	2021 \$
Opening Balance	850,669	377,488
Movement during the year	159,064	473,181
Closing Balance	1,009,733	850,669

Note 20: Contingent Liabilities and Contingent Assets

There are no contingent liabilities as at 30 June 2022.

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 21: Segment reporting

Reportable Segments

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

	Mineral Exploration	Technology	Corporate & Unallocated items	Total
	\$	\$	\$	\$

(i) Segment performance

Year ended 30 June 2022				
Revenue	10,420	-	1,441	11,861
Profit/(Loss) before tax	(724,935)	(1,142,255)	(5,996,278)	(7,863,468)
Year ended 30 June 2021				
Revenue	-	4,084,027	53,643	4,137,670
Profit/(Loss) before tax	(408)	3,671,830	(3,982,305)	(310,883)

(ii) Segment assets

As at 30 June 2022	48,566,532	38,201,079	8,531,730	95,299,341
As at 30 June 2021	45,607,272	24,655,575	15,077,267	85,340,114

Geographical Information

	Australia	Canada	Africa	UAE	Europe	Total
	\$	\$	\$	\$	\$	\$

(i) Segment performance for the year ended:

30 June 2022						
Revenue	1,334	107	10,420	-	-	11,861
Profit/(Loss) before tax	(4,119,291)	(1,071,111)	(927,774)	(874,536)	(870,756)	(7,863,468)
30 June 2021						
Revenue	4,137,670	-	-	-	-	4,137,670
Profit/(Loss) before tax	2,173,607	(1,392,796)	(579,445)	(42,294)	(469,955)	(310,883)

ii) Segment assets

As at 30 June 2022	38,386,375	240,306	48,999,256	7,660,452	12,952	95,299,341
As at 30 June 2021	38,361,367	110,814	46,719,272	135,824	12,837	85,340,114

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 22: Commitments

Operating lease commitments

As at 30 June 2022, the Group does not have any operating leases other than the Right of Use Asset.

Exploration lease commitments

The Group has committed to the following tenement expenditures 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:

	2022 \$	2021 \$
Not later than one year	931,718	324,361
After one year but less than five years	3,468,744	484,450
	4,400,462	808,814

Note 23: Cash Flow Information

	2022 \$	2021 \$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Profit/(Loss) after income tax	(7,941,340)	282,556
Adjustments items not impacting cash flow used in operations:		
Depreciation and amortisation	411,213	278,862
Exploration expenditure written-off	452,275	408
Fair value of options issued	1,822,500	337,500
Profit on sale of property, plant and equipment	(9,562)	-
Finance costs	393,003	-
Accretion expense	-	434,122
Realised FX (Gain)/Loss	(37,742)	63,248
Income tax expense/(benefit)	77,872	(593,439)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(980,588)	27,284
Increase/(decrease) in trade and other payables	291,230	173,616
Increase/(decrease) in provisions	38,592	32,453
Cash flow from/(used) in operations	(5,482,547)	1,036,610

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 24: Related Party Transactions

Key Management Personnel Remuneration

	2022 \$	2021 \$
Cash salaries, fees and other short-term benefits	1,715,641	1,845,314
Post employment benefits	39,818	42,074
Share based payments	1,822,500	337,500
	3,577,959	2,224,888

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

Payments to director-related parties

	2022 \$	2021 \$
Payments to director-related entities ⁽¹⁾	2,609,905	126,164

⁽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 2022 invoices totalling \$141,777 are payable (2021: \$Nil).

Note 25: 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 HSBC Bank and First National Bank Namibia, 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	2022 \$	2021 \$
Financial assets			
Cash and cash equivalents	9	8,042,822	14,738,020
Trade and other receivables	10	2,836,611	315,275
Total financial assets		10,879,433	15,053,295

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 25: Financial Risk Management (continued)

(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. Typically, the Group ensures it has sufficient cash on demand to meet expected expenditures, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as the COVID-19 pandemic.

The Company will need to raise additional capital to fund the development of the integrated Phase 1 L-Max® Plant. The decision on how and when the Company will raise future capital will largely depend on the market conditions existing at that time.

The following table analyses the Group's financial liabilities into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the statement of financial position.

30 June 2022

	Note	Carrying amount \$	Contractual cash outflows \$	Within 1 year \$	1-2 years \$	2-5 years \$
Trade & other payables	14	1,986,170	1,986,170	1,986,170	-	-
Lease Liabilities	16	7,024,069	17,394,023	279,751	559,502	1,678,506
Deferred Revenue	17	6,613,159	-	-	-	-
Total		15,623,398	19,380,193	2,265,921	559,502	1,678,506

30 June 2021

	Note	Carrying amount \$	Contractual cash outflows \$	Within 1 year \$	1-2 years \$	2-5 years \$
Trade & other payables	14	967,684	967,684	967,684	-	-
Deferred Revenue	17	6,071,577	-	-	-	-
Total		7,039,261	967,684	967,684	-	-

Assets pledged as security

The Company has provided a cash deposit of AED1,416,730 (\$559,874) as a security deposit under the Musataha Agreement.

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 25: Financial Risk Management (continued)

(c) Market Risk

Market risk is 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:

		2022		2021	
		%	\$	%	\$
Financial assets					
Cash assets	Floating rate	0.02%	8,042,822	0.01%	14,738,020

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.

	2022 \$	2021 \$
Change in Loss		
Increase by 1%	102,159	45,970
Decrease by 1%	(1,442)	(222)
Change in Equity		
Increase by 1%	102,159	45,970
Decrease by 1%	(1,442)	(222)

(ii) Currency Risk

The Group operates internationally and is exposed to foreign exchange risk on its financial assets and liabilities. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction. The Group's currency risk arises primarily with respect to the Namibian dollar (NAD) and South African Rand (ZAR), which are equivalent, Canadian dollars (CAD) and United States dollars (USD). In addition, the Company has transactions in British pounds (GBP) and Euro (EUR). The Group has not entered into any derivative financial instruments to hedge such transactions. The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 25: Financial Risk Management (continued)

(c) Market Risk (continued)

(ii) Currency Risk

The Group's exposure to currency risk arising on financial assets and financial liabilities denominated in various currencies was :

30 June 2022

	NAD \$	CAD \$	AED إ.د	USD \$	GBP £	EUR €
Cash and cash equivalents	4,799,355	185,110	13,431	7,436	20,867	-
Trade and other receivables	3,376,371	24,712	1,416,730	5,550	-	8,543
Trade and other payables	(5,731,570)	(16,180)	-	(4,084)	(2,992)	-
Lease liabilities	-	-	(17,780,400)	-	-	-
Deferred Revenue	-	-	-	(4,558,272)	-	-
Net currency exposure	2,444,156	193,642	(16,350,239)	(4,549,370)	17,875	8,543

30 June 2021

	NAD \$	CAD \$	AED إ.د	USD \$	GBP £	EUR €
Cash and cash equivalents	11,135,440	75,412	-	18,915	54,448	-
Trade and other receivables	709,225	21,798	-	-	-	8,113
Trade and other payables	(2,553,288)	(210,977)	-	-	(34,507)	-
Lease liabilities	-	-	-	-	-	-
Deferred Revenue	-	-	-	(4,558,272)	-	-
Net currency exposure	9,291,377	(113,767)	-	(4,539,357)	19,941	8,113

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
1 USD:AUD	1.378635	1.339942	1.450804	1.331991
1 NAD:AUD	0.090585	0.087141	0.089023	0.093103
1 CAD:AUD	1.088845	1.044372	1.125245	1.074449
1 AED:AUD	0.387370	-	0.394925	-

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 25: Financial Risk Management (continued)

(c) Market Risk (continued)

(ii) Currency Risk (continued)

Sensitivity Analysis

The following table details the Group's sensitivity arising in respect of translation of its financial assets and financial liabilities to a 10% movement (2021: 10%) in the Australian dollar against the currencies where it has significant currency risk at the reporting date, with all other variables held constant.

	2022 A\$	2021 A\$
NAD		
If the NAD had strengthened against the AUD	21,759	110,277
If the NAD had weakened against the AUD	(21,759)	(110,277)
CAD		
If the CAD had strengthened against the AUD	21,790	(12,224)
If the CAD had weakened against the AUD	(21,790)	12,224
USD		
If the USD had strengthened against the AUD	(660,024)	(604,638)
If the USD had weakened against the AUD	660,024	604,638
AED		
If the AED had strengthened against the AUD	(645,712)	-
If the AED had weakened against the AUD	645,712	-

(iii) 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.

(iv) 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.

Notes to the Financial Statements

for the Year ended 30 June 2022

Note 26: Parent Entity Financial Information

The following information relates to the legal parent only.

(a) Summary of Financial Information

	2022 \$	2021 \$
Assets		
Current assets	7,765,120	13,736,055
Non current assets	69,991,938	57,973,666
Total assets	77,757,058	71,709,721
Liabilities		
Current liabilities	1,442,262	461,223
Total liabilities	1,442,262	461,223
Shareholders' Equity		
Issued capital	135,097,760	127,098,312
Reserves	7,723,092	6,523,933
Accumulated Losses	(66,506,056)	(62,373,746)
Total Shareholders' Equity	76,314,796	71,248,499
Result of the parent entity		
Loss for the year	(4,132,308)	(4,129,640)
Other comprehensive loss	(75,555)	641,098
Total comprehensive loss for the year	(4,207,863)	(3,488,542)

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

At 30 June 2022 the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and contingent liabilities

At 30 June 2022 the parent entity has no guarantees or contingent liabilities other than as disclosed in Note 20.

Directors' Declaration

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 2022 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 2022.
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 22nd day of September 2022

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 2022, 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, 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 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

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 year. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEPIDICO LTD

Key Audit Matters (continued)

Carrying value of Exploration & Evaluation Expenditure and Intangible Assets

Refer to Notes 1(h) and (s), Notes 12 Exploration & Evaluation Expenditure & 13 Intangible Assets

As at 30 June 2022 the Group had capitalised exploration and evaluation expenditure of \$46,763,770 and intangible assets with a carrying value of \$29,065,361.

The ability to recognise and to continue to defer exploration-evaluation assets under AASB 6 is impacted by the Group's ability, and intention, to continue to explore and evaluate the tenements or its ability to realise this value through development or sale.

The intangible asset includes the Group's investment in the L-Max® Technology, S-Max® Technology and LOH-Max® Technology, including the cost of acquisition of the technology, subsequent development costs and patent fees capitalised. As part of their annual impairment review, management prepared an analysis of the recoverable amount of the technology which was, in part, based on a "fair value less costs to sell" analysis. Note that given the early stages of development of the technology, there are inherent risks in relying on forecast cash flows as a reliable estimate of value-in-use. Notwithstanding this, they have also considered the results of the vertically integrated Phase 1 Project Definitive Feasibility Study incorporating the Karibib assets, which was completed in May 2020, in their impairment review of the exploration and evaluation and intangible assets.

The carrying values of the capitalised exploration and evaluation and technology assets were key audit matters given the significance of the technology and exploration activities to the Group's balance sheet, and the judgement involved in the assessment of their values.

Our procedures included, amongst others the following:

- Assessing the methodologies used by management to estimate recoverable amounts of the exploration and evaluation and technology assets, including challenging the methodologies used, testing the integrity of the information provided, and assessing the appropriateness of the key assumptions adopted based on our knowledge of the technology and industry.
- Reviewing minutes of Board meetings, ASX announcements, the latest professional technological and other reports for evidence of any impairment indicators or material adverse changes in relation to the technology asset since completion of the Pre-Feasibility Report and independent valuation report (included in the target's statement document) announced in 2017. There were no such indicators during the year.
- Testing expenditures and other additions to the technology and exploration-evaluation assets during the year on a sample basis against supporting documentation such as supplier invoices and cost agreements and ensuring such expenditures and additions are appropriately recorded in accordance with applicable accounting standards.
- Reviewing the Group's rights to tenure to its areas of interest and commitment to continue exploration and evaluation activities in these interests and ensuring capitalised expenditures relating to areas of interest which are being discontinued or no longer being budgeted for are appropriately impaired.
- Review of the latest updated JORC code (2012) compliant mineral resource estimates, as completed by external Consultants, in respect of ore reserves at Karibib, Namibia.
- Review of the vertically integrated Phase 1 Project Definitive Feasibility Study completed in May 2020 and any subsequent updates, which is based on a commercial scale L-Max Plant, comprising an integrated mine, concentrator and chemical conversion plant development
- Compared the Group's market capitalisation as at 30 June 2022 (\$170 million) to its net asset position (\$76.4 million), noting that the market capitalisation at balance date significantly exceeded net assets. Market capitalisation below net assets is an indicator of possible impairment, thereby requiring further consideration.
- Assessing the appropriateness of the relevant disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEPIDICO LTD

Key Audit Matters (continued)

Related Party Transactions & Share Based Payments to Key Management Personnel

Refer to Remuneration Report, Note 18 b) Share Based Payments, Note 24 Related Party Transactions

During the year ended 30 June 2022, the Group transacted with Key Management Personnel and their related entities including:

- Awarded share-based payments amounting to \$1,822,500 in the form of share options, to Key Management Personnel
- Paid \$2,609,905 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.

Our procedures included, amongst others the following:

- 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. the financial statements.

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 2022 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 the 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEPIDICO LTD

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.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

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 2022.

In our opinion, the Remuneration Report of Lepidico Limited, for the year ended 30 June 2022 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.



Neil Pace
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 22nd day of September 2022.

Supplementary (ASX) Information

The Information set out below was applicable as at 30 September 2022.

FULLY PAID ORDINARY SHARES (ASX:LPD)

Top 20 Holders of Fully Paid Ordinary Shares

	Shareholder	Number	%
1	Citicorp Nominees Pty Limited	316,923,605	4.87%
2	Strategic Metallurgy Holdings Pty Ltd	261,271,201	4.02%
3	HSBC Custody Nominees (Australia) Limited	259,529,488	3.99%
4	BNP Paribas Noms Pty Ltd	230,778,042	3.55%
5	BNP Paribas Nominees Pty Ltd ACF Clearstream	189,820,732	2.92%
6	Perth Capital Pty Ltd	120,000,000	1.84%
7	Acuity Capital Investment Management Pty Ltd	72,900,000	1.12%
8	Mr Johannes Hendrik Thorburn	56,788,306	0.87%
9	Strategic Metallurgy Pty Ltd	50,000,134	0.77%
10	BNP Paribas Nominees Pty Ltd	44,081,773	0.68%
11	Clickable Publishing Pty Ltd	41,471,634	0.64%
12	Superhero Securities Limited	37,507,000	0.58%
13	Mr Ivars Vadzis	36,586,319	0.56%
14	T&G Corporation Pty Ltd	35,577,700	0.55%
15	Mr Anthony Charles Kenworthy	32,028,572	0.49%
16	Rennie Jackson SMSF Pty Limited	32,000,000	0.49%
17	Ms Kelley Marie Attias	30,280,764	0.47%
18	Netwealth Investments Limited	30,253,982	0.46%
19	Mr Gavin Sidney Becker & Mrs Wendy Mary Becker	30,000,000	0.46%
20	Mr Bill Georgaklis & Mrs Georgia Georgaklis	27,018,389	0.42%
	Total	1,934,817,641	29.73%

Substantial Shareholding

The following shareholders held a substantial interest, being 5.0% or greater, in the issued capital of the Company:

Shareholder	No.	%
Strategic Metallurgy Holding Pty Ltd and Gary Donald Johnson	370,618,485*	6.02%

*As per Notice of Change of Interests of Substantial Holder dated 23 June 2021

Distribution of Shares

The distribution of members and their shareholding was as follows:

Number Held	Holders
1 - 1,000	957
1,001 - 5,000	286
5,001 - 10,000	381
10,001 - 100,000	7,693
Over 100,000	5,650
Total Number of Shareholders	14,967

LISTED OPTIONS EXPIRING 18 JUNE 2023 AT \$0.026 (ASX : LPDOD)**Top 20 Holders of Listed Options**

	Shareholder	Number	%
1	Mrs Lynette Irene Brooks	32,000,000	6.69%
2	Merrill Lynch (Australia) Nominees Pty Limited	15,372,921	3.21%
3	Rookharp Capital Pty Limited	12,692,310	2.65%
4	Christopherson Super Fund Pty Ltd	12,371,898	2.59%
5	Mr Kin Wing Chan & Mrs Wai Shan Yap	10,327,466	2.16%
6	Mr Graham Woodward & Mrs Sheryl Woodward	9,000,000	1.88%
7	BNP Paribas Noms Pty Ltd	8,739,903	1.83%
8	Mr Daniel Aaron Hylton Tuckett	8,563,265	1.79%
9	Mr Antony Edward Anderson	8,500,000	1.78%
10	Perth Capital Pty Ltd	7,000,000	1.46%
11	Mrs Emilia Mawer	6,000,000	1.25%
12	Mr Patrick Joseph Naughton	5,600,000	1.17%
13	G B Duffy & Associates Pty Ltd	5,500,000	1.15%
14	Glenelg Farm Pty Ltd	5,361,804	1.12%
15	Mr Mitchell James Gill	5,000,000	1.04%
16	Mrs Bich Anh Hua	5,000,000	1.04%
17	Mr Darren Allen Le Gassick	4,356,000	0.91%
18	Mr Anthony Charles Kenworthy	4,200,000	0.88%
19	Castlegarde Pty Ltd	4,000,001	0.84%
20	Miss Renee Sureyya Dumarchand	4,000,000	0.84%
	Total	177,245,568	37.03%

Distribution of Listed Options

The distribution of members and their option holding was as follows:

Number Held	Holders
1 - 1,000	60
1,001 - 5,000	288
5,001 - 10,000	154
10,001 - 100,000	477
Over 100,000	490
Total Number of Option Holders	1,469

UNLISTED OPTIONS

Unlisted Option holdings as at 30 September 2022

The company has 307,057,000 unlisted options with varying expiry and exercise price on issue.

73,000,000 options expiring 21 November 2022 with an exercise price of 2.5c ("A"), which were issued to the Company's Directors and under the Company Employee Share Plan.

75,000,000 options expiring 8 December 2022 with an exercise price of 1.6c ("B"), which were issued to Cornish Lithium Ltd.

5,967,000 options expiring 26 February 2023 with an exercise price of 35.0c ("C"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

67,500,00 options expiring 19 November 2023 with an exercise price of 1.2c ("D"), which were issued to the Company's Directors and under the Company Employee Share Plan.

18,090,000 options expiring 14 January 2024 with an exercise price of 2.0c ("E"), which were issued in accordance with the Plan of Arrangement for the acquisition of Desert Lion Energy Inc.

67,500,000 options expiring 18 November 2024 with an exercise price of 7.2c ("F"), which were issued to the Company's Directors and under the Company Employee Share Plan

	A	B	C	D	E	F
1-1,000	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	-	-	2	-	-	-
101,000 and above	9	1	6	7	9	7
Total number of holders	9	1	8	7	9	7

VOTING RIGHTS

Lepidico Ltd ordinary shares carry voting rights of one vote per share. There are no voting rights attaching to any other class of security.

UNMARKETABLE PARCELS

	Minimum Parcel Size	Holders	Shares
Minimum \$500.00 parcel at \$0.022 per share	22,727	3,850	41,115,758

RESTRICTED AND ESCROWED SECURITIES

There are currently no restricted or escrowed securities.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

TENEMENT INFORMATION

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

NAMIBIAN OPERATIONS, Karibib Project

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
ML 204	Lepidico Chemicals Namibia (Pty) Ltd	80%	18/06/2028	69 km ²
EPL 5439	Lepidico Chemicals Namibia (Pty) Ltd	80%	27/10/2021	225 km ²



Corporate Directory

Directors

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

Joint Company Secretaries

Alex Neuling
Shontel Norgate

Registered Office

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Facsimile: (08) 9363 7801
Email: info@lepidico.com

Principal Place of Business

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PO Box 330 Belmont WA 6984

Website: www.lepidico.com

Country of Incorporation

Australia

Auditors

Moore Australia Audit (WA)
Level 15, Exchange Tower
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PERTH WA 6000

Telephone: (08) 9225 5355
Facsimile: (08) 9225 6181

Share Registry

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Telephone: 1300 288 664
Email: hello@automicgroup.com.au

Home Exchange

Australian Securities Exchange Limited
Central Park
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PERTH WA 6000

ASX Code: LPD, LPDOD

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