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ASX: LPD

QUARTERLY ACTIVITIES REPORT

for the period ending 30 September 2020

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

Key Points

Development

- Environmental and Social Impact Assessment (ESIA) completed for the Namibian Phase 1 Project operations, which identifies it as a Category B Project with significant socio-economic benefits, along with advantages from the environmental reclamation of the existing mine sites
- Environmental Compliance Certificate (ECC) awarded for statutory three year period based on the Phase 1 Project mine plan, an endorsement of the Environmental & Social Management Plan (ESMP) for the fully permitted Karibib developments, operations and closure
- Lepidico Chemicals Manufacturing Ltd established in Abu Dhabi and a pre-operations Industrial License awarded for the planned Phase 1 Chemical Plant development
- Environmental consultant, GHD, appointed for the Phase 1 Chemical Plant permitting with site works completed in September
- Chemical plant ESIA scheduled for completion December 2020 to Equator Principles and IFC environmental and social standards
- Engineering, Procurement and Construction Management (EPCM) tender process started for both the Karibib concentrator and Abu Dhabi chemical plant, with contractor screening completed and proposals sought from qualified contractors
- Offer for supply of 4.5MVa power at 66kV to the Karibib Project received
- Considerable capital cost savings, lithium recovery improvements and lower CO_2 emissions identified when LOH-Max® is used for spodumene conversion versus conventional processing

Products & Marketing

- Nominal battery grade lithium hydroxide monohydrate samples produced and dispatched for assessment by prospective customers
- Offtake discussions for caesium-rubidium chemicals continue with considerable interest in securing long term supply

Corporate and Finance

- Cash and cash equivalents as at 30 September 2020 of $4.0 million
- Mandate letter signed with DFC, confirms the Phase 1 Project as Category B regards its environmental and social aspects
- Multiple sources of debt funding interest for developments in both Namibia and Abu Dhabi, enabled by the integrated P1Ps excellent sustainability credentials
- LOH-Max® acquired, bringing ownership of all process technologies in-house

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OVERVIEW & OUTLOOK

Lepidico continues to have a zero-harm track record since health, safety and environmental incident reporting began in September 2016. During the September 2020 quarter many employees and contractors continued to work effectively from home due to the ongoing pandemic, with no COVID-19 cases reported.

Phase 1 workstreams that are progressing to transition the Project to a Final Investment Decision (FID) in the June 2021 quarter are outlined below.

- The ESIA for the Karibib operations was completed in early July 2020, compliant with the provisions of Namibian mining and environmental legislation and according to Equator Principles and IFC Performance Standards on Social and Environmental Sustainability.
- ECC for the Karibib Project renewed in early October 2020 for three years following lodgement of the application and supporting documents in early July.
- Pre-operations Industrial Licence awarded for the Phase 1 Project Chemical Plant site within the Khalifa Industrial Zone Abu Dhabi (KIZAD). A "full" Musataha Agreement will be applied for on completion of a Preliminary Environmental Review (PER).
- Permitting in Abu Dhabi, including a PER and an ESIA aligned with the Equator Principles and IFC Performance Standards on track for completion December 2020.
- Independent greenhouse gas assessment for the Project started late in the quarter, with scheduled completion in the March 2021 quarter.
- Inferred Mineral Resource estimates for the surface lepidolite stockpiles at Karibib scheduled for completion in November 2020. Indicated Mineral Resource estimates due in 2021.
- Lithium hydroxide monohydrate samples produced for prospective customers. Discussions continue for funding a second pilot plant campaign to supply further product samples if required.
- Discussions are also taking place regards securing non-equity based funding for a Phase 1 early works programme with the objective of bringing the Project onto a fast track.
- Re-engagement with bulk by-product (SOP and amorphous silica) off-takers started in October following COVID-19 lockdown restrictions lifting.
- Lion's Head Global Partners (LHGP) has advanced debt financing initiatives with a mandate letter executed with Development Finance Corporation (DFC) and due diligence continuing with other Development Financing Institutions (DFIs) and commercials lenders.
- EPCM tender process started for both the Karibib concentrator and Abu Dhabi chemical plant, with contractor screening completed and proposals sought from qualified contractors. Process scheduled to conclude in the June 2020 quarter.
- Re-engagement with acid suppliers and logistics providers started in October 2020.

Process technology development work continued with further optimisation of both L-Max® and LOH-Max®. There is growing third party interest in both processes. Lepidico approved a third party L-Max® amenability testwork programme in the quarter which is close to completion. Preliminary results are encouraging with this being the 19th lithium mica/lithium phosphate deposit successfully tested using L-Max®. This programme also led to LOH-Max® optimisation opportunities being identified. Also, during the quarter, Strategic Metallurgy further quantified the considerable potential benefits that LOH-Max® offers for spodumene conversion versus conventional process technology, which includes material reduction in capital and operating costs, improved lithium recovery and reduced carbon footprint.

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DEVELOPMENT

Karibib Project (80%), Namibia

Karibib is understood to be the only Ore Reserve estimate (JORC Code (2012) or NI43-101) for both rubidium and caesium globally and therefore represents a unique opportunity for the production of these strategic metals, for which the United States is totally reliant on imports. Furthermore, lithium, caesium, rubidium and potash, the main Phase 1 Project products, are all on the U.S. Government list of 35 Critical Minerals, making the Project strategically significant. Karibib is fully permitted for the re-development of two open pit mines at Rubicon and Helikon 1 feeding lithium mica ore to a central mineral concentrator that employs conventional flotation technology.

The ESIA and ESMP for the Karibib Operations were completed in July 2020 by Risk-Based Solutions CC, a leading Namibian environmental consultancy. The ESIA and ESMP 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, which is unusual for a mining project: “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.” Furthermore, 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.”

The ESIA and ESMP were submitted with an application for the renewal of the Karibib Project ECC within ML204, which covers 69km^2 that includes the Rubicon and Helikon deposits, in July. The Project scope has evolved under Lepidico ownership; and since the previous ECC was awarded for the open pit mine redevelopments and mineral concentrator development. A new ECC was awarded by the Environmental Commissioner in the Ministry of Environment, Forestry and Tourism in early October 2020. Award of the ECC represents an endorsement of the development, operations and closure plans for the Project, which are designed to meet Environmental, Social and Governance (ESG) industry best practice.

Two offers have been received by a local utility for the supply of 66kV power. Access to national grid power provides the most competitive tariff and is supplemented by solar. The connection to the grid requires the construction of a 30km long overhead line and substation at Rubicon Operations. The capital has been estimated at $3.5 million, which is included in the Definitive Feasibility Study (DFS) estimate. It is planned that project construction will be managed by Lepidico through an EPC contract with an approved NamPower contractor. The line will be handed over to NamPower to own and maintain for a maintenance and grid access fee. The Rubicon substation will be owned and maintained by Lepidico.

Discussion on the selection of an EPCM contract for the mineral concentrator is covered in the following section.

Chemical Conversion Plant (100%), Abu Dhabi

During the quarter the Company established an incorporated subsidiary in Abu Dhabi, Lepidico Chemicals Manufacturing Ltd, and a pre-operations Industrial Licence was awarded for the Phase 1 Chemical Plant site within KIZAD. This license is a precursor to a Musataha Agreement, which entitles its holder to construct a building or to invest in, mortgage, lease (for up to 50 years) or sell or purchase a plot of land belonging to a third party.

In June 2020, the Environmental Authority of Abu Dhabi advised that a PER is required prior to a Musataha Agreement being considered rather than a full EIA, testament to the Project’s modest environmental and social impacts. Site work for the PER subsequently commenced, with drilling for

the requisite soils and water sampling programs completed in September. Sampling and analysis will be done to British, Dutch, UAE, and US EPA standards as required by the Environmental Authority of Abu Dhabi. The PER and ESIA are scheduled to be completed in December 2020. As for the Karibib Operations, the Chemical Plant ESIA will be completed to Equator Principles and IFC environmental and social standards to support the debt funding strategy.

The Chemical Plant site (Figure 1) is approximately 57,000m^2 and is located within an industrial free zone, which allows full foreign ownership as well as tax exemptions on imports and exports. The off-site infrastructure is supplied through a land lease agreement with Abu Dhabi Ports (the manager of KIZAD) and includes direct connection to natural gas, 11kV power, industrial water, and sewer services on the east side of the plot, roads, and drainage. The KIZAD container port where concentrate from Walvis Bay, Namibia will be imported is 15km by road from the plant site.



Figure 1: Schematic of proposed chemical plant site with KIZAD container port in the background

A greenhouse gas (GHG) assessment for the integrated Phase 1 Project started in September 2020, which will address IFC Scope 1 and 2 inventory and benchmarking and will comply with the GHG Reporting Protocol methodology. This Protocol is published by the World Business Council of Sustainable Development (Geneva based coalition of 170 international companies) and the World Resources Institute (US based NGO). It is planned that a complete Life Cycle Analysis (LCA) to ISO14044, which requires Scope 3 quantification (upstream and downstream emissions including construction) and data validation will be undertaken once sufficient relevant data becomes available during early operations.

Acid supply and logistics activities recommenced while adhering to the relevant local COVID-19 requirements. A further acid supply option is being evaluated associated with a new acid tanking facility being built in Khalifa port and due to for commissioning in two years' time.

A shortlist of EPCM companies has been selected for the development of the Abu Dhabi chemical plant and Karibib concentrator, and the tender process has started. A firm has also been engaged to provide legal and commercial services to develop and manage the tender process to engage an EPCM contractor.

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Phase 2 L-Max® Plant Scoping Study

Under the P1P DFS a scoping study capital estimate was developed for a nominal 20,000tpa LCE Phase 2 Project. The associated capital intensity was estimated to be US$16,900/t LCE and just US$10,500/t LCE on a net of by-products basis. Various locations will be evaluated for the Phase 2 Plant Scoping Study, including Walvis Bay in Namibia, which will benefit from lower logistics costs, so long as local markets exist for the bulk by-products.

RESEARCH & PRODUCT DEVELOPMENT

Ongoing discussions with prospective lithium, caesium and rubidium customers, as well as financiers has led to revisions being made to the scope for a second pilot plant campaign. At this time it is not certain that a second campaign will be required, however, preparations have been made and Strategic Metallurgy is standing by to expedite implementation. It is envisaged that non-equity based funding will be provided by a third party.

Lithium hydroxide Monohydrate ($LiOH.H_2O$): Strategic Metallurgy has produced multiple samples of nominal battery grade lithium hydroxide with a reference purity of 56.5% LiOH (Table 1) using the modified back end of the pilot plant, located in Perth, with samples dispatched for assessment by prospective customers. Low levels of impurities were recorded with many below detection limits for the assay processes employed.

Component	LOH-Max sample
LiOH (%)	>56.5
CO_2 (%)	<0.35
Cl (%)	<0.1
SO_4 (%)	<0.01
Ca (ppm)	<15
Fe (ppm)	<5
Na (ppm)	<20
K (ppm)	<10
Na + K (ppm)	<30
Al (ppm)	<10
Cr (ppm)	<5
Cu (ppm)	<1
Ni (ppm)	<2.5
Si (ppm)	<30
Zn (ppm)	<2.5
Pb (ppm)	<2.5

Table 1: Nominal battery grade specification for LiOH samples produced during the quarter

Lepidico has engagement with three prospective customers under confidentiality agreements and is in the process of seeking similar confidentiality arrangements with a fourth lithium hydroxide consumer, with support from LHGP.

Caesium & Rubidium: as previously advised Lepidico has non-disclosure agreements with three prospective customers of caesium and rubidium. A further prospective customer for caesium has been identified, with Lepidico in the process of seeking to enter into a confidentiality arrangement, with support provided by LHGP.

Sulphate of potash & Amorphous silica: in country marketing activities in the UAE remained suspended with engagement undertaken from Australia. However, plans are being made to restart these activities using a local consultant until Lepidico's COVID-19 travel restrictions are lifted. Multiple consumers have indicated interest in these products.

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LOH-Max® application for spodumene conversion
Strategic Metallurgy has completed a desk top evaluation of LOH-Max®, benchmarked against third party feasibility study level data for conventional production of lithium hydroxide monohydrate from a lithium sulphate intermediate, sourced from a 6.0% Li_2O spodumene concentrate. This evaluation coupled with results from further LOH-Max® testwork for the Phase 1 Project by Strategic Metallurgy supports a substantial US$52 million capital cost saving estimate (14% of estimated total spodumene converter capital) for a production rate of 20,000tpa LCE (Lithium Carbonate Equivalent), largely due to the elimination of the energy intensive sodium sulphate circuit. This compares with previous advice of US$10 million per 5,000tpa LCE[1], equivalent to US$40 million for 20,000tpa LCE. By not producing sodium sulphate LOH-Max® also eliminates the risk of either attempting to sell or even dispose of sodium sulphate, the market for which is globally mature.

Strategic Metallurgy has also advised that LOH-Max® may also deliver an estimated 4% increase in recovery of lithium from concentrate to final product versus conventional spodumene processing, with an overall recovery estimate of 91% (87% for the conventional process), equivalent to approximately an extra 1,000tpa of lithium hydroxide production for a nominal 20,000tpa converter.

LOH-Max® operating costs benefit from lower energy consumption, and lower reagent costs versus conventional conversion. The net benefit calculated showed an estimated reduction in absolute operating cost of US$8 million per year based on the third party feasibility study data for a 20,000tpa spodumene converter and a greater reduction in unit operating costs per tonne of product of approximately 8% due to the increased metal recovery. Furthermore, the lower energy consumption also leads to a reduction in CO_2 emissions when LOH-Max® is employed, which when combined with the increased lithium hydroxide output is expected to result in a meaningful reduction in carbon intensity. Opportunities to further reduce carbon intensity have been identified but require additional work to quantify.

Under the Bright Minz purchase agreement (see below), it is contemplated that Lepidico will seek to licence the LOH-Max® process technology to third parties based on a royalty sharing arrangement. To this end, Lepidico is seeing increased interest in its process technologies, which support the decision to consolidate its process technologies under one corporate umbrella.

Improvements in mica conversion
Testwork undertaken by Strategic Metallurgy on a third party lithium mica feed stock has demonstrated the amenability of this mineralisation to L-Max® and also identified some improvements to the LOH-Max® process. Enhanced washing efficiency allows a lithium hydroxide recycle stream to be eliminated, further simplifying the process with negligible impact on lithium metal recovery. This improvement will be incorporated into the Phase 1 Project front end engineering and design.

EXPLORATION & RESOURCE DEVELOPMENT

Lepidico is pursuing a strategy of maximising the value of its exploration properties by implementing programs targeted at a range of metals, including lithium, caesium, tantalum, gold, copper, tungsten and uranium. Exploration during the quarter was hampered by local movement restrictions imposed in response to the COVID-19 pandemic. Work included completion of two near-mine sampling programs at Rubicon, data interpretation and field program planning.

Karibib Project (80%)
Following the lifting of the Namibian COVID-19 state of emergency in the quarter, two sampling programs were completed over Rubicon surface stockpiles, one on the slimes and the second over broken surface stockpiles.

[1] ASX Announcement: Lithium Hydroxide process developed, 18 February 2019.

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Rubicon Slimes

A Mineral Resource on approximately 60,000t of tailings from historical petalite processing at Rubicon was estimated by Lepidico in 2019 but was not reported due to a lack of mineralogical and metallurgical information. During the quarter, a total of ten samples from across the slimes dump were collected and shipped to Perth for metallurgical testwork. A composite sample has been prepared for mineralogical evaluation using quantitative XRD analysis. Subsequent work will include a grinding de-sliming and flotation testwork. This program is scheduled to be completed in November, with the objective of quantifying an Indicated level Mineral Resource estimate ("MRE") reported in accordance with the JORC Code (2012), which will ultimately allow inclusion of this high grade material into the mine plan.

Surface broken stocks

Significant quantities of broken lepidolite-bearing material sits on surface at Rubicon and Helikon, representing mine 'waste' from historical petalite mining operations, which ceased in the mid-1990s. In their current state, these stockpiles at Rubicon and Helikon can only be reported as an Exploration Target of 550,000t - 700,000t @ 0.6% - 0.8% Li_2O. This tonnage and grade is a conceptual estimate as there is insufficient relevant data to estimate a Mineral Resource in accordance with the JORC Code (2012).

The Phase 1 Project DFS indicates that in-situ mineralisation is economic at a cut-off grade of 0.15% Li_2O, suggesting that a large proportion of the surface stocks might be quantifiable as a Mineral Resource. To that end, Lepidico implemented an initial sampling program over the Rubicon stockpiles to provide sufficient information to enable the reporting of an Inferred level MRE in accordance with the JORC (2102) Code. This work was completed in October. Work comprised volumetric determinations of the various dumps based on a 2019 high resolution (0.10m) DTM, the collection of 153 'grab' samples of 5kg each, and 40 bulk density determinations. All the samples have been submitted for multi-element geochemical analysis, of which 25 will also undergo mineralogical characterisation via quantitative XRD. Results from this work are expected in November.

A subsequent work program will be considered to upgrade the MRE to Indicated Resource level, which would enable the estimation of an Ore Reserve and inclusion in the mine plan. If confirmed, this material has the potential to provide two years of additional feed for the P1P concentrator as outlined in the DFS. This second phase of work could be completed in the June quarter 2021.

Lifting of COVID-19 movement restrictions allowed field work to recommence in early October, with proposed activities for the December quarter including field verification of near mine exploration targets for LCT-pegmatites (lithium, caesium, tantalum), and regional LCT-pegmatites and gold targets in the first instance.

CORPORATE

The health, safety and wellbeing of our people, staff and contractors, remains of paramount importance. The additional precautions associated with the COVID-19 pandemic remained in place during the quarter including suspension of all business travel, along with a move to working from home and adherence to local safety protocols in the jurisdictions in which we operate. A nationwide lockdown was re-introduced by the Namibian Government in mid-August in response to an increase in the number of COVID-19 cases. However, these new requirements were lifted on 11 September.

Further, Lepidico's business austerity plan remained in place for the quarter with travel suspended and all non-essential activities were curtailed. The deferral of all Directors' fees and 20% of senior executives' remuneration, introduced in 1 April remains in place.

The geology team advanced desktop regional geology assessments and ensured that all licences remain in good standing. The Company continues to make good progress on offtake for its products

and in assembling a project financing package. The Company will continue to monitor the COVID-19 pandemic and adjust working protocols accordingly to ensure the continued health and safety of our people and preserve the Company's assets.

As at 30 September 2020, Lepidico had cash and cash equivalents of $4.0 million. The Company is expecting to receive an R&D tax credit of $1.2 million during the December 2020 quarter.

Project Finance

The Phase 1 Project will have operations across two jurisdictions: Namibia and Abu Dhabi; and potential offtake partners across further jurisdictions resulting in various regulatory and fiscal regimes. The structure of the Phase 1 Project therefore requires separate legal entities to be established in each operating jurisdiction.

Lepidico Chemicals Namibia (Pty) Ltd (LCN), an 80% owned subsidiary, will develop and operate the Karibib Project while the newly formed, Lepidico Chemical Manufacturing Ltd (LCM), a 100% owned Abu Dhabi subsidiary will develop and operate the Phase 1 Chemical Plant. LCM will enter into a Concentrate Sales Agreement with LCN to acquire concentrate on commercial terms. LCM will also enter into offtake/sales Agreements for the sale of lithium hydroxide and the various by-products.

As Lepidico is looking to develop a first-of-a-kind project, LHGP, Lepidico's financial adviser, advises that a bespoke financing structure should provide an overall reduced cost of funding and accommodate strategic investors into the Phase 1 Project. The financing strategy has been to target investors with a strategic interest in financing the two different components of the Project.

Subsequent to quarter end, the United States International Development Finance Corporation (DFC) completed a preliminary review of the project proposal and application for financing for the lepidolite mining and processing project in Namibia and confirmed its interest in pursuing further its analysis of this upstream part of the Project. Following receipt of an indicative, non-binding term sheet from DFC to provide the required debt funding for the Karibib Project in Namibia, the Company has formally retained DFC to undertake an in-depth analysis and evaluation of the Project to determine whether the Company qualifies for DFC financing.

LOH-Max® acquisition

Lepidico entered into an agreement with the shareholders of Bright Minz Pty Ltd ("Bright Minz"), a company controlled by director, Mr Gary Johnson, for its wholly-owned subsidiary, Lepidico Holdings Pty Ltd, to acquire all of the issued capital of 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.

The consideration for the acquisition will consist of a trailing royalty in relation to any third party LOH-Max® licences entered into by the Lepidico Group following settlement of the acquisition to the current shareholders of Bright Minz and a cash payment of $10,000 (as reimbursement to the shareholders of Bright Minz for establishment costs incurred by them).

The acquisition is subject to certain conditions precedent including completion of due diligence, receipt of any required regulatory or shareholder approvals and finalising a royalty agreement with the original shareholders of Bright Minz for the trailing royalty stream on any third party LOH-Max® licences referred to above. The Lepidico Group will retain the right to use LOH-Max® royalty free.

Convertible Note

The Company inherited a C$5,000,000 Convertible Note (Note), which matures on 7 December 2020, as part of its acquisition of Desert Lion Energy Inc. Further details regarding the Note are included in Items 7.6 and 8.8 in the accompanying Appendix 5B.

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Patents & Licences

Lepidico submitted an international patent application (PCT/AU2015/000608) for the L-Max® Process under the Patent Cooperation Treaty administered by the World Intellectual Property Organisation in October 2015. On 8 February 2017, the L-Max® process was granted a Certification Report of Innovation Patent (number 2016101526) in Australia.

As at 30 September 2020, the Company holds granted patents in the United States, Europe, Japan and Australia. National and regional phase patent applications are well advanced in the remaining other key jurisdictions and these processes are expected to continue into calendar year 2020.

In addition, international patent applications are held for LOH-Max® under PCT/AU2020/050090, S-Max® under PCT/AU2019/050317 and PCT/AU2019/050318 and for the production of caesium, rubidium and potassium brines and other formates under PCT/AU2019/051024.

Exploration and Resources

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 an Exploration Target 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.

Forward-looking Statements

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

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

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CORPORATE INFORMATION

Board & Management

Gary Johnson	Non-Executive Chairman
Joe Walsh	Managing Director
Mark Rodda	Non-Executive Director
Cynthia Thomas	Non-Executive Director
Tom Dukovcic	GM Geology
Peter Walker	GM Project Development
Shontel Norgate	CFO & Joint Company Secretary
Alex Neuling	Joint Company Secretary

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Stock Exchange Listings
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Frankfurt Stock Exchange (Ticker AUB)

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Issued Share Capital
As at 30 September 2020, issued capital was 5,185,735,038.
As at 30 October 2020, issued capital was 5,185,735,038.

Quarterly Share Price Activity

	High	Low	Close
July - September 2020	0.9c	0.6c	0.7c

Further Information
For further information, please contact

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

NAMIBIAN OPERATIONS, Karibib Project

Karibib Project Tenement Schedule

Tenement ID	Registered Holder	Lepidico Interest	Expiry Date	Area
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
EPL 5555	Lepidico Chemicals Namibia (Pty) Ltd	80%	03/04/2021	539 km^2
EPL 5718	Lepidico Chemicals Namibia (Pty) Ltd	80%	07/05/2022	200 km^2

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Appendix 5B

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

Name of entity

Lepidico Ltd

ABN	Quarter ended ("current quarter")
99 008 894 442	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (expensed)	-	-
	(b) development	(102)	(102)
	(c) production	-	-
	(d) staff costs	(173)	(173)
	(e) administration and corporate costs	(238)	(238)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (COVID-19 incentives)	28	28
1.9	**Net cash from / (used in) operating activities**	**(485)**	**(485)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) exploration & evaluation (capitalised)	(251)	(251)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(253)**	**(253)**

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

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,793	4,793
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(485)	(485)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(253)	(253)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(30)	(30)
4.6	**Cash and cash equivalents at end of period**	**4,025**	**4,025**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	4,025	4,793
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,025**	**4,793**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	104
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Details regarding Item 6.1	**$'000**
Salaries	76
Directors Fees	-
Payments to Director Related Entities (Development)	28
	104

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements *	Up to 7,500	
7.3	Other (Convertible Note)**	5,240	5,240
7.4	**Total financing facilities**	12,740	5,240

7.5	**Unused financing facilities available at quarter end**	Up to 7,500

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

* On 23 December 2019 the Company executed a Controlled Placement Agreement (CPA) with Acuity Capital to provide Lepidico with up to $7.5 million of standby equity capital to February 2022. Under the CPA Lepidico sets a floor price and the final issue price will be calculated as the greater of that floor price and a 10% discount to a Volume Weighted Average Price (VWAP) over a period nominated by Lepidico. As collateral for the CPA, Lepidico issued 230,000,000 ordinary shares from its LR7.1 capacity, at nil consideration to Acuity Capital ("Collateral Shares") but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval). Although the CPA remains in place, the Company does not believe it is in the best interests of shareholders to drawdown on the Facility at the prevailing share price.

** The Company inherited a C$5,000,000 Convertible Note ("Note") (A$5,240,629 based on AUD:CAD 0.9541 at 30 September 2020) as part of its acquisition of Desert Lion Energy Inc. The Note matures on 7 December 2020. Under the terms of Note, C$1,000,000 must be repaid on the maturity date. The remaining C$4,000,000 may be converted into 108,000,000 Shares at a deemed issue price of C$0.037 per Share at the discretion of the noteholder on or before 7 December 2020. The Note is secured over the assets acquired by the Company from Desert Lion Energy Inc. The Note is subject to interest; however, at the date of acquisition Lepidico issued 54,539,996 shares to AIP at a deemed value of A$1,308,960 being the prepayment of all interest and fees associated with the Note until maturity.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(485)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(251)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	736
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,025
8.5	Unused finance facilities available at quarter end (item 7.5)**	Up to 7,500
8.6	Total available funding (item 8.4 + item 8.5)	11,525
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	15.7 (or 5.5 excluding CPA Facility)

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

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8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

Although the Company has positive relevant outgoings at Item 8.7 it provides the following information due to the secured C$5M Convertible Note maturing on 7 December 2020.

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes, the Company generally expects it net operating cashflows to remain consistent in the short term. However, the Company is expecting to receive approximately $1.25M during the next quarter as an R&D tax credit.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is in discussions with several groups regarding the Convertible Note and is assessing its options with regards to either refinancing the Convertible Note or raising additional capital in order to repay the Noteholder.on the Maturity Date

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company is in discussions with several groups regarding the Convertible Note and intends to either refinance the Convertible Note or raise additional capital in order to repay the Noteholder on the Maturity Date.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .29 October 2020.....

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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