LEPIDICO LTD

ACN 008 894 442

INTERIM FINANCIAL REPORT
31 DECEMBER 2023

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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Corporate Directory

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

Joint Company Secretaries
Alex Neuling
Shontel Norgate

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ASX Code: LPD, LPDO

Directors' Report

The Directors of Lepidico Ltd ("Directors") present their report on the Consolidated Entity consisting of Lepidico Ltd ("Company" or "Lepidico") and the entities it controlled at the end of, or during, the half year ended 31 December 2023 ("Consolidated Entity" or "Group" or "Economic Entity").

DIRECTORS

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

Mr Gary Johnson	Non-executive Chairman
Mr Joe Walsh	Managing Director
Mr Mark Rodda	Non-executive Director
Ms Cynthia Thomas	Non-executive Director

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

SUMMARY REVIEW OF OPERATIONS

For the half year ending 31 December 2023 the Group recorded a net loss from operations of $3,689,118 (31 December 2022: net profit of $192,916) and a net cash outflow from operations of $3,048,278 (31 December 2022: net cash outflow $3,854,431).

The net assets of the Group decreased to $89,179,195 at 31 December 2023 (30 June 2023: $92,458,261).

DEVELOPMENT & FINANCE

Finance
Lepidico's strategic imperative remains to fast-track the business to free cash flow generation and in so doing demonstrate the commercial viability of its process technologies. The financing strategy for the vertically integrated Phase 1 Project has centred on core funding from the public sector for both the Karibib mine-concentrator and the Abu Dhabi chemical plant. During the period renewed private sector interest was received, both in the chemical plant and the integrated project, as well as in Lepidico's proprietary process technologies. Multiple prospective strategic partners are conducting due diligence and site visits to Karibib were recently undertaken.

Funding processes for Phase 1 have taken far longer than originally envisaged, in large part due to many integrated lithium development projects requiring blended finance solutions. Jefferies Investment Bank embarked on a redirected private sector strategic partner initiative in April 2023. During the period several new organisations joined the strategic partner process and are actively undertaking due diligence. Lepidico is receiving recognition for the unique opportunity that the L-Max® and LOH-Max® technologies provide for a low energy intensity lithium chemical conversion solution with exceptional green credentials, including no solid process waste and no process effluent.

The U.S. Government's Development Finance Corporation (DFC) continues to be considered as the lead lender for the Karibib development. However, other Development Finance Institutions along with commercial lenders are also party to the debt finance process being managed by Cygnum Capital. DFC has advanced its due diligence to the point where key stakeholders in the Abu Dhabi chemical plant need to be identified in order to undertake associated legal due diligence. By way of background, due to the integrated nature of the development DFC due diligence includes the chemical plant despite its lending mandate being limited to Namibia as a developing economy. Select commercial lenders for both Karibib and the KEZAD chemical plant are also positioned to resume due diligence once key project stakeholders are identified.

In parallel with these core funding activities, the existing beneficiated stockpiles at Karibib as well as future concentrate are being proactively marketed, following a tender process. Significant interest has been received. A term sheet for the beneficiated stockpile material has been agreed with one consumer, with others under negotiation. A full form supply agreement is now being negotiated.

An alternative, sequential (versus parallel) development strategy, where the mine and concentrator are prioritised – selling lithium mica concentrate to third parties – ahead of committing to the downstream chemical plant continues to be assessed. This scenario provides for a much lower initial funding requirement and a shorter development timeline. Encouraging feedback from major mechanical equipment manufacturers, such as mill fabricators, continue to indicate shorter delivery times currently than considered in November 2022 when Front-End Engineering & Design (FEED) completed. As a result, an options study for the Karibib development commenced during the period to evaluate more capital efficient alternatives for non-process infrastructure.

Phase 1 Development
Lepidico remains determined to pursue the development of a chemical conversion plant in Abu Dhabi given the associated strategic advantages: established infrastructure; availability of affordable energy, sulphur and other reagents; local markets for bulk products including silica and the gypsum residue; and availability of skilled/semi-skilled labour.

Continued engagement with several leading equipment manufacturers for the chemical plant has led to material cost savings being identified and shorter lead times for equipment supply. Lepidico has been working with a leading crystalliser supplier to assess the economics of developing a manufacturing capability in the UAE. Fabrication of structural and plate steel components has been revealed to be cost competitive with existing Chinese facilities. As a result, delivery costs and times will be dramatically reduced, while local just-in-time delivery should provide additional flexibility during construction. Lepidico is also working with equipment manufacturers with established local presence in the UAE to bundle equipment into larger packages. Feedback is pending to determine whether this will result in cost savings and potentially stappled finance.

Advancements in solar power generation efficiency, integration with energy storage and bio-diesel/diesel backup has allowed an off-grid power solution to be evaluated for Karibib, which would negate the requirement for a 27km power line spur to tap into the local substation. In turn this has led the Project team to evaluate lease alternatives for ore crushing using mobile units that will provide flexibility in the early years of operation as mining moves from Rubicon to Helikon and back to Rubicon. Consideration is also being given to lease to buy options for non-process infrastructure such as the analytical laboratory. This Karibib options study has identified the potential for a circa 20% reduction in the development capital estimated at US$63 million when FEED completed. Preliminary evaluation suggests that the associated increase in operating costs should result in an NPV-neutral outcome.

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

Product Marketing
A commodity trader was appointed in April 2023 to market the stockpiles of previously beneficiated concentrate at Karibib to lithium mica converters in China which has resulted in a term sheet (including commercial terms) being agreed for the supply of existing concentrate stockpiles at Karibib. A draft supply agreement is currently under negotiation. Term sheets are under negotiation with other parties.

This marketing initiative has been expanded to include future supply of concentrate from the planned Phase 1 Karibib concentrator. Interest is strong given the concentrate is estimated to grade between

2.5-3.5% Li_2O over the life of mine and over 3.0% Li_2O for at least the first 5 years of operation, making this a premium product.

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

The Company continues to work closely with Traxys to place the lithium hydroxide produced from the Phase 1 KEZAD plant on mutually beneficial terms that are sustainable, and effectively manage price risk for supplier and consumer throughout a cycle. Offtake negotiations remain "live" however prevailing lithium price weakness has caused many consumers to continue to delay making new commitments for lithium chemicals.

Caesium sulphate agreements are in the final rounds of negotiation with all expected production volume allocated to end customers.

Letters of Intent (LOIs) are in hand from customers in the UAE for volumes exceeding the expected production of amorphous silica, sulphate of potash (SOP) and gypsum-rich residue.

Phase 2 Plant Scoping Study
Broad interest continues to be shown in large-scale lithium mica processing hubs in Europe, Namibia, the UAE, the UK and the US.

Two prospective sites on established industrial parks in the US have been shortlisted. Engagement with State and County authorities has resulted in incentive packages being developed for both sites. Key terms have been agreed for one of these sites including rates for all utilities and services. Data is still being collected and compiled for the second site. Preliminary data suggests that both capital cost and operating costs are expected to be 15-20% lower at KEZAD in the UAE than at these US site. However, reduced logistics costs for domestic or regionally source concentrate coupled with availability of public sector funding justify the ongoing assessment of a US chemical plant.

Updated input data is being sourced for the 25-hectare chemical plant site identified near Walvis Bay, Namibia.

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

Sustainability
During the period, the Company finalised its Sustainability and Climate Strategies. The Sustainability Strategy is built on four pillars: Planet, People, Partnerships & Processes, and Prosperity.

These Strategies are aligned with the UN Sustainable Development Goals; the International Council on Mining and Metals principals; the Taskforce on Climate-related Financial Disclosures; and the Intergovernmental Panel on Climate Change's latest assessment report.

The Sustainability Strategy is founded on a materiality assessment to identify and prioritise the sustainability topics of greatest impact to the business and of greatest importance to Lepidico's stakeholders.

Embedded within the Climate Change and Energy Strategy is a commitment to follow a Paris agreement aligned decarbonization pathway, which is compatible with a 1.5°C temperature scenario in the Company's operations. The Strategy supports decarbonization via Lepidico's innovative proprietary low carbon lithium manufacturing solutions, as well as by progressive electrification, implementation of new adaptation solutions across operations and support of host communities to adapt to the physical impacts of climate change.

The goal is net zero by 2050 with specific targets set at years 2035, 2040 and 2050. The KPIs are focused on scope 1, 2 and 3 GHG emissions targets and efficient non-carbon generating energy usage. A revised GHG assessment that shows the Phase 1 Project's Scope 1,2 & 3 emissions estimates are more than 43% below the hard rock lithium industry average.

Modern sustainability and climate strategies are designed to be bankable and Lepidico's Sustainability Strategies are designed to meet the most stringent lender requirements at the company's current stage of development.

A Human Rights gap analysis of Lepidico's systems was also completed, which generated an action plan that will be progressively implemented through the project development phase and into operations. Lepidico is committed to the safety and well-being of its employees, contractors and the community, diversity, equity, inclusion and respect for human rights.

EXPLORATION[1]

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 for which the Namibian tenements are prospective, including lithium, caesium, rubidium, tantalum, gold, copper and tungsten. Work programs span a range of activities, from regional exploration assessing conceptual targets to Mineral Resource development. The near-term objectives of this work are to extend the operating life of the Phase 1 Project to over 20 years, expand the Resource base to support the Phase 2 Scoping Study and evaluate the Karibib licences for their gold potential.

Mineral Resource & Ore Reserve development
A short reverse circulation drilling program was completed at Helikon 4 during the reporting period to test mineralisation extension down dip. A total of 8 holes for 707 metres was completed, with six of the holes intercepting pegmatite, confirming a 20m - 30m down-dip extension over a 40m – 60m strike. The results also indicate the presence of a fault at depth potentially truncating the mineralised system down-dip.

Regional Exploration and Scout Drilling
Three scout holes were drilled into a new target A1, located within regional target RT001. Regional targets are worked up using an in-house algorithm based on regional geophysics and structural interpretation, followed by gridded soil sampling and analysis by portable XRF for K, Rb and Cs and then ground magnetics over selected zones. The aim of this work is to seek out new areas of LCT

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

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

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type pegmatite mineralisation that do not outcrop. RT001 is one of 17 such targets delineated within the Karibib project tenements.

Target A1 is defined by an outcrop of pegmatitic granite coincident with a structural feature that was defined by ground magnetics. The orientation of this feature is parallel to the trend of the Rubicon pegmatite 2 km southeast. All the holes intercepted pegmatitic granite, with one hole intersecting a 17m interval of perthite-quartz-muscovite pegmatite.

CORPORATE

As at 31 December 2023, Lepidico had cash and cash equivalents of $5.7 million.

Options

On 22 November 2023, 72,999,999 unlisted options with an exercise price of $0.013 and 33,142,856 unlisted options with an exercise price of $0.01 expiring on 22 November 2026 were issued under the Company's employee incentive scheme to directors, executives and consultants.

Patents & Licences

The Company holds granted patents for its L-Max® technology in the United States, Canada, Europe, Japan and Australia. The Company also has patents granted for its process technology for lithium recovery from phosphate minerals (amblygonite) from the United States, Canada, Japan, Australia and Europe.

During the period, the Company was notified of the decision to grant a patent for the Company's LOH-Max® process in Japan. The national and regional phase of the patent application for LOH-Max® is progressing in the remaining jurisdictions under PCT/AU2020/050090. The S-Max® Australian patent applications are progressing under 2019262080 and 2019262079.

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

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

Legal Dispute

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

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

Under the agreed timetable, the arbitration hearing has been provisionally fixed for early November 2024, in the event that the parties are unable to come to a settlement earlier. Refer Note 13: Contingent Liabilities and Contingent Assets.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001(Cth)* for the half year ended 31 December 2023 is included on page 10 of the Financial Report.

This report is made in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Joe Walsh
Managing Director

Dated this 23rd day of February 2024

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.

MOORE

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LEPIDICO LTD

As lead auditor for the review of Lepidico Ltd for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

b) no contraventions of any applicable code of professional conduct in relation to the review.

MOORE AUSTRALIA

SUAN LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd day of February 2024

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2023

	Note	31 December 2023 $	31 December 2022 $
Other income	2	125,908	6,825,506
		125,908	6,825,506
Business development expenses		(218,242)	(478,793)
Administrative expenses	3	(1,243,741)	(1,381,730)
Employee benefits expense		(1,627,612)	(1,577,819)
Finance costs		(339,817)	(313,158)
Depreciation		(304,970)	(282,681)
Share based payments		(563,857)	(766,500)
R&D costs written off		-	(56,901)
Profit/(Loss) before income tax		**(4,172,331)**	**1,967,924**
Income tax benefit/(expense)	4	483,213	(1,775,008)
Profit/(Loss) from continuing operations		**(3,689,118)**	**192,916**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(153,977)	(408,031)
Total comprehensive profit/(loss) for the half year		**(3,843,095)**	**(215,115)**
Comprehensive profit/(loss) for the half year attributable to:			
Owners of the parent		(3,584,458)	(1,384,321)
Non-Controlling Interest		(258,637)	1,169,206
		(3,843,095)	(215,115)
Profit/(Loss) per share for the year attributable to the members of Lepidico Ltd			
Basic and diluted profit/(loss) per share		(0.00048)	0.00003

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
For the half year ended 31 December 2023

	Note	31 December 2023 $	30 June 2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,689,658	10,828,962
Trade and other receivables		741,289	703,453
TOTAL CURRENT ASSETS		6,430,947	11,532,415
NON-CURRENT ASSETS			
Trade and other receivables		705,482	728,135
Property, plant and equipment	5	16,759,846	17,061,890
Exploration and evaluation expenditure	6	49,679,314	48,356,862
Intangible asset	7	28,925,534	28,773,120
TOTAL NON-CURRENT ASSETS		96,070,176	94,920,007
TOTAL ASSETS		102,501,123	106,452,422
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,278,253	2,130,854
Provisions	8	308,854	268,115
Borrowings and lease liabilities	9	65,850	595,277
TOTAL CURRENT LIABILITIES		1,652,957	2,994,246
NON-CURRENT LIABILITIES			
Trade and other payables		565,793	-
Provisions	8	1,015,769	808,068
Borrowings and lease liabilities	9	7,507,937	7,136,646
Deferred Tax Liability	4	2,579,472	3,055,201
TOTAL NON-CURRENT LIABILITIES		11,668,971	10,999,915
TOTAL LIABILITIES		13,321,928	13,994,161
NET ASSETS		**89,179,195**	**92,458,261**
EQUITY			
Issued capital		122,261,358	122,261,186
Reserves		8,469,961	8,060,081
Equity component of convertible note		990,000	990,000
Accumulated losses		(49,395,383)	(45,964,902)
Equity Attributable to owners of the Parent		82,325,936	85,346,365
Non-controlling interests		6,853,259	7,111,896
TOTAL SHAREHOLDERS EQUITY		**89,179,195**	**92,458,261**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the half year ended 31 December 2023

	Attributable to the owners of the Company								
		Reserves							
	Issued Capital	Options	Warrants	Foreign Currency	Equity component of convertible note	Accumulated Losses	Total	Non Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$
Balance at 1 July 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
Profit/(Loss) for the period	-	-	-	-	-	(976,290)	(976,290)	1,169,206	192,916
Other comprehensive profit/(loss) for the period	-	-	-	(408,031)	-	-	(408,031)	-	(408,031)
Shares issued during the period	18,307,021	-	-	-	-	-	18,307,021	-	18,307,021
Options issued during the period	-	766,500	-	-	-	-	766,500	-	766,500
Options exercised during the period	1,201,162	-	-	-	-	-	1,201,162	-	1,201,162
FV of options exercised	83,380	(83,380)	-	-	-	-	-	-	-
Balance at 31 December 2022	**122,247,289**	**7,302,967**	**415,135**	**601,702**	**990,000**	**(42,629,562)**	**88,927,531**	**7,573,595**	**96,501,126**
Balance at 1 July 2023	122,261,186	7,302,967	415,135	341,979	990,000	(45,964,902)	85,346,365	7,111,896	92,458,261
Profit/(Loss) for the period	-	-	-	-	-	(3,430,481)	(3,430,481)	(258,637)	(3,689,118)
Other comprehensive profit/(loss) for the period	-	-	-	(153,977)	-	-	(153,977)	-	(153,977)
Options issued during the period	-	563,857	-	-	-	-	563,857	-	563,857
Options exercised during the period	172	-	-	-	-	-	172	-	172
Balance at 31 December 2023	**122,261,358**	**7,866,824**	**415,135**	**188,002**	**990,000**	**(49,395,383)**	**82,325,936**	**6,853,259**	**89,179,195**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the half year ended 31 December 2023

	31 December 2023 $	31 December 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(3,046,576)	(3,930,819)
Interest received	125,908	76,388
Interest paid	(9,656)	-
Payments made in relation to legal dispute	(117,954)	-
Net cash from/(used in) operating activities	(3,048,278)	(3,854,431)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation activities	(1,332,525)	(2,416,904)
Payments for research and development activities	(79,439)	(4,350,030)
Proceeds from research and development tax credit	-	26,467
Payments for property, plant and equipment	(651,656)	(47,440)
Net cash from/(used in) investing activities	(2,063,621)	6,787,907
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of costs)	-	18,340,818
Proceeds from exercise of options (net of costs)	172	1,201,162
Proceeds from borrowings	53,389	-
Repayment of borrowings	(21,246)	-
Net cash provided by/(used in) financing activities	32,315	19,541,980
Net increase/(decrease) in cash held	(5,079,584)	8,899,642
Cash at beginning of financial year	10,828,962	8,042,822
Effect of foreign exchange rate changes	(59,720)	108,051
Cash at end of financial period	**5,689,658**	**17,050,515**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half year ended 31 December 2023

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Lepidico Ltd and its controlled entities. Lepidico Ltd is a listed public company, incorporated and domiciled in Australia. The financial report of the Group complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

Note 1(a) Basis of Preparation

This general purpose interim financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Consolidated Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group and does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Lepidico Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These financial statements were authorised for issue on 23rd February 2024.

The accounting policies and methods of computation applied are the same as those applied by Lepidico Ltd in its annual report for the year ended 30 June 2023.

Note 1(b) New and Amended Standards Adopted by the Group

None noted.

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

None noted.

Note 1(d) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The 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 current high inflationary environment has negatively impacted the global economy and created volatile maket dynamics.

The Group incurred a net loss from operations of $3,689,118 for the half year to 31 December 2023 and had a net cash outflow from operations of $3,048,278 for the period. As at 31 December 2023, the Company had net current assets of $4,777,990.

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 current financing initiatives, existing standby equity raising facilities in place and the successful outcomes of previous Entitlement Offers. There remains ongoing strategic partner 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 current high inflationary environment continues for a prolonged period of time and/or impacts capital markets further the future availability of financing may be adversely affected.

Note 2: Revenue

	31 December 2023 $	31 December 2022 $
Other Income		
Interest	125,908	76,388
Deferred revenue recognised on termination	-	6,447,728
Realised FX gain	-	301,390
Other Income	**125,908**	**6,825,506**
Total Revenue	**125,908**	**6,825,506**

Note 3: Administrative Expenses

	31 December 2023 $	31 December 2022 $
Office & general	295,328	339,882
Professional services	355,884	499,257
Compliance related	321,899	347,321
Travel	108,923	195,270
Total Administrative Expenses	**1,082,034**	**1,381,730**
Other Significant Administrative Expenses		
The following significant expenses were incurred during the period and impacted the financial performance:		
Legal dispute	161,707	-
Total Administrative Expenses	1,243,741	1,381,730

Note 4: Income Tax Expense

		31 December 2023 $	31 December 2022 $
(a)	The components of tax benefit/(expense) comprise:		
	Current tax	(169,953)	-
	Deferred tax	646,953	(1,775,008)
	Over/(Under)	6,213	-
	Income tax benefit/(expense) reported in statement of comprehensive income	483,213	(1,775,008)
(b)	Movement recognised in equity:		
	Foreign exchange movement recognised in equity	7,485	(211,741)
(c)	The prima facie tax benefit/(expense) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax benefit/(expense) on profit/(loss) from ordinary activities before income tax at 30% (2022:30%)	1,251,699	(590,377)
	Adjust for tax effect of:		
	- Share based payments	(169,157)	(229,950)
	Permanent impact of R&D claims	-	(419,745)
	- Deferred tax balances not recognised	(771,382)	(244,376)
	- Foreign tax rate differential	95,433	(118,831)
	- Other non-allowable items	76,620	(171,729)
	Income tax benefit/(expense) reported in statement of comprehensive income	483,213	(1,775,008)
(d)	Deferred tax recognised:		
	Deferred Tax Liabilities:		
	Karibib assets	(2,579,472)	(4,371,468)
	Exploration expenditure	(4,245)	(4,245)
	L-Max® Technology	(719,542)	(718,190)
	L-Max® Pilot Plant	(727,097)	(727,097)
	Other	(82,409)	(42,490)
	Deferred Tax Assets:		
	Carry forward revenue losses	1,533,292	1,492,022
	Net deferred tax	(2,579,472)	(4,371,468)

Note 4: Income Tax Expense (continued)

		31 December 2023 $	31 December 2022 $
(e)	Unrecognised deferred tax assets:		
	Carry forward revenue losses	13,209,959	11,491,504
	Capital raising and other costs	84,242	158,524
	L-Max Licence	21,826	21,836
	Bright Minz	2,520	2,520
	Finance costs	39,288	81,122
	Provision and accruals	81,600	28,823
		13,439,435	11,784,329

(f) Tax consolidation:

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

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

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

Note 5: Property, Plant and Equipment

	Buildings & Infrastructure $	Furniture, Fittings & Equipment $	Motor Vehicles $	Assets under Development $	Right of Use Asset $	Total $
Cost						
At 1 July 2022	**1,761,097**	**307,387**	**181,354**	**-**	**7,281,463**	**9,531,301**
Additions	7,631	43,896	192,318	8,483,320	-	8,727,165
Disposals	-	(20,066)	-	-	-	(20,066)
Impact of foreign exchange	(19,585)	(9,123)	(380)	-	275,319	246,231
At 30 June 2023	**1,749,143**	**322,094**	**373,292**	**8,483,320**	**7,556,782**	**18,484,631**
Additions	-	4,996	59,458	273,521	-	337,975
Disposals	-	-	-	-	-	-
Impact of foreign exchange	19	(308)	479	(158,241)	(195,838)	(353,889)
At 31 December 2023	**1,749,162**	**326,782**	**433,229**	**8,598,600**	**7,360,944**	**18,468,717**
Accumulated Depreciation						
At 1 July 2022	416,933	181,492	133,166	-	208,933	940,524
Depreciation	207,002	46,697	19,504	-	298,122	571,325
Disposals	-	(20,066)	-	-	-	(20,066)
Impact of foreign exchange	(53,262)	(13,087)	(14,550)	-	11,857	(69,042)
At 30 June 2023	570,673	195,036	138,120	-	518,912	1,422,741
Depreciation	101,594	20,840	27,605	-	154,931	304,970
Disposals	-	-	-	-	-	-
Impact of foreign exchange	(887)	2,375	(283)	-	(20,045)	(18,840)
At 31 December 2023	**671,380**	**218,251**	**165,442**	**-**	**653,798**	**1,708,871**
Net Book Value						
At 30 June 2023	1,178,470	127,058	235,172	8,483,320	7,037,870	17,061,890
At 31 December 2023	**1,077,782**	**108,531**	**267,787**	**8,598,600**	**6,707,146**	**16,759,846**

Note 6: Exploration and Evaluation Expenditure

	31 December 2023 $	30 June 2023 $
Exploration expenditure	49,679,314	48,356,862

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.

Reconciliation of movements during the period:	6 months ended 31 December 2023 $	12 months ended 30 June 2023 $
Balance at the beginning of period	48,356,862	46,763,770
Exploration and evaluation costs capitalised	1,289,881	2,214,751
Exploration and evaluation costs written off	-	(46,162)
Impact of foreign exchange	32,571	(575,497)
Balance at the end of the period	**49,679,314**	**48,356,862**

Note 7: Intangible asset

	31 December 2023 $	30 June 2023 $
L-Max® Technology	28,095,204	27,970,788
S-Max® Technology	152,329	152,328
LOH-Max® Technology	656,127	628,130
Lepidico Trademark	21,874	21,874
Balance at the end of the period	28,925,534	28,773,120

The recoverability of the carrying amounts of the L-Max® , S-Max® and LOH-Max® Technology is dependent on either its successful development and commercial exploitation or the sale of the assets.

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

Note 7: Intangible asset (continued)

Reconciliation of movements during the period:	6 months ended 31 December 2023 $	12 months ended 30 June 2023 $
Balance at the beginning of period	28,773,120	29,065,361
Development costs capitalised	236,768	659,064
Research and Development Tax Credit received/receivable	(84,347)	(894,404)
Research and developments costs written off	-	(56,901)
Balance at the end of the period	**28,925,534**	**28,773,120**

Note 8: Provisions

	31 December 2023 $	30 June 2023 $
Current		
Employee provisions	308,854	268,115
Total Current Provisions	**308,854**	**268,115**
Non-Current		
Employee provisions	254,230	56,020
Make good provision (KEZAD)	761,539	752,048
Total Non-Current Provisions	**1,015,769**	**808,068**
Total Provisions	**1,324,623**	**1,076,183**

Reconciliation of movements during the period:	Make Good $	Employee $
Balance at 1 July 2022	670,970	178,697
Additional proivisions	-	311,702
Provisions used	-	(165,103)
Unwinding of discount	54,978	-
Impact of foreign exchange	26,100	(1,161)
Balance at 30 June 2023	752,048	324,135
Additional provisions	-	380,195
Provisions used	-	(134,562)
Unwinding of discount	30,269	-
Impact of foreign exchange	(20,778)	(6,684)
Balance at the end of the period	**761,539**	**563,084**

Note 9: Borrowings and Lease Liabilities

	31 December 2023 $	30 June 2023 $
Current		
Lease liabilities	-	565,588
Other borrowings	65,850	29,689
Total Current Borrowings and Lease Liabilities	**65,850**	**595,277**
Non-Current		
Lease liabilities	7,385,327	7,011,887
Other borrowings	122,610	124,759
Total Non-Current Borrowings and Lease Liabilities	**7,507,937**	**7,136,646**
Total Borrowings and Lease Liabilities	**7,573,787**	**7,731,923**

(a) Lease liabilities

(i) Land Lease

In October 2021 the Group entered into the Musataha lease agreement with Abu Dhabi Ports securing the 57,000m^2 site for the Phase 1 chemical plant for an initial term of 25 years.

Reconciliation of movements during the period:	6 months ended 31 December 2023 $	12 months ended 30 June 2023 $
Balance at the beginning of period	7,577,475	7,024,069
Additions	-	-
Lease repayments accrued	(295,478)	(286,619)
Interest expense	299,892	570,669
Impact of foreign exchange	(196,562)	269,356
Balance at the end of the period	**7,385,327**	**7,577,475**

(ii) Short-term and low value leases

The group has entered into short-term contractual arrangements for the leases of offices. Typically, the duration of these contracts is for periods of one and two years.

	31 December 2023 $	31 December 2022 $
Payments for short-term and low value leases	**74,088**	**-**

Note 9: Borrowings and Lease Liabilities (continued)

(b) Borrowings

During the year the Company entered into a Revolving Vehicle Financing Facility for N$2M (approximately A$190,000) to acquire three vehicles for use by the Namibian based team.

Reconciliation of movements during the year:	6 months ended 31 December 2023 $	12 months ended 30 June 2023 $
Balance at the beginning of period	154,448	154,448
Additions	53,389	169,114
Repayments paid/payable	(30,039)	(13,352)
Interest expense	9,834	6,372
Impact of foreign exchange	828	(7,686)
Balance at the end of the year	**188,460**	**154,448**

Note 10: Share Based Payments

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

(a) Related Party Options
On 22 November 2023, the Company issued a total of 106,142,855 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	Unlisted Options
Number of options in series	72,999,999	33,142,856
Grant date share price	$0.009	$0.009
Exercise price	$0.013	$0.010
Expected volatility	106.8%	106.8%
Option life	3 years	3 years
Dividend yield	0.00%	0.00%
Interest Rate	3.97%	3.97%
Value per option	$0.005	$0.006

Note 11: Segment reporting

Reportable Segments

The Group operates two reportable segments, being mineral exploration and development of its technologies that includes 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 $	Phase 1 Assets under Development $	Corporate & Unallocated items $	Total $
(i) Segment performance for the Half year ended:					
31 December 2023					
Revenue	-	-	-	125,908	125,908
Total Profit/(Loss) before tax	(289,318)	-	(964,281)	(2,918,732)	(4,172,331)
31 December 2022					
Revenue	6,749,119	-	-	76,387	6,825,506
Total Profit/(Loss) before tax	6,316,027	(988,956)	-	(3,359,147)	1,967,924
(ii) Segment assets					
As at 31 December 2023	51,227,052	29,061,187	15,976,000	6,236,884	102,501,123
As at 30 June 2023	49,979,128	28,993,120	16,247,735	11,232,439	106,452,422

Geographical Information

	Australia $	Africa $	Canada $	UAE $	Europe $	Total $
(i) Segment performance for the Half year ended:						
31 December 2023						
Revenue	125,354	554	-	-	-	125,908
Total Profit/(Loss) before tax	(1,647,861)	(611,642)	(731,165)	(906,217)	(275,446)	(4,172,331)
31 December 2022						
Revenue	76,352	6,749,154	-	-	-	6,825,506
Total Profit/(Loss) before tax	(2,303,196)	6,119,551	(636,037)	(1,005,358)	(207,036)	1,967,924
(ii) Segment assets						
As at 31 December 2023	35,622,547	52,471,322	341,070	14,043,393	22,791	102,501,123
As at 30 June 2023	40,415,845	51,109,226	179,038	14,726,799	21,514	106,452,422

Note 12: Commitments

Exploration lease commitments

The Group must meet the following tenement expenditure commitments to maintain them in good standing until they are farmed out, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of.

These commitments, net of farm outs, are not provided for in the financial statements and are:

	31 December 2023 $	30 June 2023 $
Not later than one year	1,233,436	1,093,436
After one year but less than five years	2,316,872	2,706,090
	3,550,308	3,799,526

Note 13: Contingent Liabilities and Contingent Assets

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

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

In accordance with the Arbitration Rules of the Singapore International Arbitration Centre (SIAC), the panel of three arbitrators, being each party's nominated arbitrator and the third independent arbitrator has been completed and the arbitration timetable set.

In accordance with the agreed timetable the Company received Jinhui's Statement of Claim (SOC) on 4 December 2023. The SOC includes a claim for US$5.0 million which is made up of the initial deposit of US$4.5 million, plus expenses related to the dispute.

The Company filed its Statement of Defence and Counterclaim (SODCC) on 15 January 2024. In the SODCC the Company vigorously defends its position that the deposit was not refundable under Ontario law and has submitted a counterclaim, well in excess of the claim included in Jinhui's SOC.

Under the agreed timetable, the arbitration hearing has been provisionally fixed for early November 2024, in the event that the parties are unable to come to a settlement earlier.

Note 14: Subsequent Events

(i) At-the-Market Facility Extension

On 26 January 2024, the Company agreed with Acuity Capital to extend the expiry date of its At-the-Market Subscription Agreement ("ATM") (previously referred to as a Controlled Placement Agreement) from 31 January 2024 to 31 January 2027.

As previously disclosed, the ATM was initially established with an expiry date of 31 January 2021 and provided Lepidico with up to $7.5 million of standby equity capital. In January 2022 the ATM expiry date was extended to 31 January 2024.

To date, Lepidico has utilised the ATM to raise a total of $3.525m and the remaining standby equity capital available under the ATM is $3.975m. There is no requirement on Lepidico to utilise the ATM and the Company may terminate the ATM at any time without cost or penalty. Acuity Capital holds 72,900,000 fully paid ordinary LPD shares as security against the ATM.

No additional security has been provided or is required in relation to the ATM extension.

There were no fees or costs associated with the extension of the ATM.

Directors' Declaration

In accordance with a resolution of the directors of Lepidico Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 to 25 are in accordance with the Corporations Act 2001, including:
    a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Joe Walsh
Managing Director

Dated this 23rd day of February 2024

MOORE

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEPIDICO LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lepidico Ltd (the Company) and its controlled entities (the consolidated entity or Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) of the financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions as explained in Note 1(d) indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern for at least the next 12 months and, if it could not continue as a going concern, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts other than as stated in the financial report.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

MOORE

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

Responsibility of the Directors for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

i. giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and

ii. complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

MOORE AUSTRALIA

SUAN LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd day of February 2024.