

Lepidico

Everything moving all at once

Valuation update

Metals and mining

14 February 2023

Price **A\$0.015**

Market cap **A\$114m**

A\$1.4134/US\$

Net cash (A\$m) at 30 June 2022 (excludes A\$7.0m in lease liabilities) 8.0

Shares in issue 7,637.8m

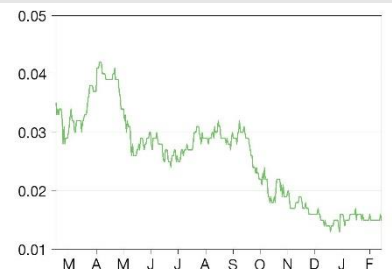
Free float 94.4%

Code LPD

Primary exchange ASX

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 0.0 (11.1) (55.3)

Rel (local) (1.0) (14.2) (55.9)

52-week high/low A\$0.04 A\$0.01

Business description

Via its Karibib project in Namibia and unique IP, Lepidico is a vertically integrated lithium development business that has produced both lithium carbonate and lithium hydroxide from non-traditional hard rock lithium-bearing minerals using its registered L-Max and LOH-Max processes.

Next events

Final investment decision Q1 CY23

Commencement of mining Q3 CY23

Chemical plant commissioning Late CY24

Analyst

Lord Ashbourne +44 (0)20 3077 5700

mining@edisongroup.com

[Edison profile page](#)

**Lepidico is a research client of
Edison Investment Research
Limited**

Since our last [note](#) on the company, Lepidico has successfully completed extensive further pilot plant trials at larger scale, raised over A\$19m in equity, updated and improved the economics of its Phase 1 Plant project and updated and upgraded its mineral resources (and reserves) at Helikon 4 and on surface (in the form of dumps etc) at both Rubicon and Helikon. This note updates our valuation of the company for all of these developments plus new lithium price assumptions (below).

Year end	Total revenues (A\$m)	PBT (A\$m)	Cash from operations (A\$m)	Net cash/(debt)* (A\$m)	Capex (A\$m)
06/21	4.1	(0.3)	1.0	14.7	(0.6)
06/22	0.0	(7.9)	(5.5)	1.0	(8.6)
06/23e	0.0	(3.6)	(2.7)	(121.8)	(176.8)
06/24e	0.0	(14.7)	(14.3)	(335.8)	(199.7)

Note: *Includes lease liabilities; historical numbers include Desert Lion Energy convertible.

Lithium prices also up

At the same time as Lepidico has been updating its project economics, we have revised our short- and long-term lithium prices higher. A full explanation of the methodologies and philosophies behind our price revisions is included in our report, [Lithium's adolescence](#), published on 1 February. However, in general terms, our near-term prices have increased by up to 124%, while our longer-term prices have increased by approximately 31%.

Exploration success

Since its May 2020 definitive feasibility study (DFS), Lepidico has upgraded c 1.6Mt (or three years' worth of processing capacity) from waste to ore reserves as well as upgrading substantially all of its resource at Helikon 4 (c a further three years' worth of processing capacity) from the inferred category into the indicated category (62.6% of which it subsequently converted into the probable category of reserves). Finally, it has also confirmed the availability of a further c one year's worth of relatively high-grade material on surface at Karibib (with 100% conversion of indicated resources into reserves) for processing once the project has commenced.

Exploration success begets financial success

Lepidico's updated and improved economics announcement of 22 November calculated a project NPV₈ for the integrated Karibib mining and chemical plant operation of US\$530m, or A\$749m (9.8 Australian cents per share) on a pre-funding basis. By contrast, at our updated lithium prices, we value the project at US\$641.4m (8.4 US cents per share, undiluted), or A\$906.6m.

Valuation: Aiming for 5–7x the current share price

On the basis of our new lithium prices, as well as Lepidico's updated capex and opex estimates, we have revised our valuation of the company to 8.61 Australian cents per share (7.59c/share with equity dilution performed at the current share price of 1.5c) plus a potential, risk adjusted 0.65–1.59c/share (fully diluted) for a conceptual 20,000tpa lithium carbonate equivalent (LCE) Phase 2 Plant, to take our total aggregate conceptual valuation of the company to 9.26–10.20 cents per share (cf 6.71–7.66 cents per share previously).

Everything moving all at once

Since our last note on the company (see [Quantifying exploration's dividends](#), published on 6 October 2022), Lepidico has:

- successfully completed extensive pilot plant trials at larger scale, with excellent results that confirm the Phase 1 L-Max and LOH-Max designs. The trials, conducted by Strategic Metallurgy (a major shareholder in Lepidico), confirm Phase 1 design parameters and that battery-grade lithium hydroxide (and by-products) can be recovered using LOH-Max, in particular. At the same time, test work carried out on third-party crystallisers demonstrated that the lithium hydroxide crystals produced 'are much more pure than that produced from the sodium sulphate route', while by-product pilot trials resulted in 'excellent separation of potassium sulphate from impurities' and 'high recovery of caesium'. Since then, the independent engineer's review of final pilot trial reports has been underway (note that completion of this technical piece of due diligence is a key gating item for securing Phase 1 Project debt);
- raised more than A\$19m via a one-for-10 entitlements issue at 1.8c per share (including a top-up to satisfy strong demand) plus a number of other, incremental equity issues to cover the exercise of options etc;
- as a consequence of competing Front End Engineering & Design (FEED) for both plants (which represents a significant further de-risking of the project), on 22 November, updated and improved the economics of its Phase 1 Plant project. Whereas Lepidico's original feasibility study, in May 2020, calculated an NPV₈ of US\$221m and an IRR of 31% for the project after pre-production capex of US\$139m, C1 cash costs of US\$1,656/t and all-in sustaining costs (AISC) of US\$3,221/t, its updated economics calculate an NPV₈ of US\$530m and an IRR of 42% after pre-production capex of US\$266m, C1 cash costs of US\$7,100/t and AISC of US\$11,500/t at a long-term lithium price of US\$22,840/t (cf US\$12,910/t previously);
- upgraded mineral reserves at the time of its updated and improved Phase 1 economics in November and updated mineral resources for Helikon 4 and Rubicon and Helikon surface material in January 2023; and
- on 13 February, reported a maiden ore reserve at Helikon 4 and surface stockpiles, adding 1.16Mt to existing reserves at a 56% higher grade than the combined Rubicon and Helikon 1 estimate, sufficient to extend the operating life of the project to over 17 years. Further upgrades – with the intention of extending the operating life of the project to over 20 years – are expected throughout CY23 as more work of a similar nature is undertaken at Helikon 2, 3 and 4 and potential new targets are investigated in more detail.

This note updates our valuation for all of these developments. In addition, we have revised our short- and long-term lithium prices higher.

Lithium price revisions

A full explanation of the methodologies and philosophies behind the changes in our lithium price forecasts is included in our report, *Lithium's adolescence*, published on 1 February. The report includes a review of both long-run and short-term lithium prices. For long-run prices, we have surveyed available public data on new greenfield and brownfield projects to check timing, capital intensity and potential operating costs and also considered the supply challenge through to the end of the 2020s. Our short-run forecast is constructed on both an unrisksed and risksed basis, the latter allowing for a range of delays that could affect advertised project ramp-up schedules. The next 12–

24 months are particularly uncertain given questions over the timing of supply additions, but the longer-term need for additional greenfield and brownfield expansion capacity is clear.

Our key conclusions include:

- **We have raised our long-run prices from US\$17,000/t to US\$22,500/t LCE** to reflect the significant need for additional production capacity in the late 2020s. This is well below spot (c US\$70,000/t), but we do not expect prices to move towards long-term pricing until post 2030 and also question if traditional long-term pricing methodology works well in high-growth industries. We argue that a significant premium is required to a traditional incentive price because of rapid demand growth (c 20% CAGR in 2022–30, which is unusually high and probably unprecedented for a commodity industry). A multiple of traditional incentive prices is also not unprecedented in highly concentrated industries (iron ore has traded at approximately double incentive prices for large incumbent producers for the past decade and copper trades at 3–4x what were thought of as incentive prices as recently as the mid-2000s).
- **Our demand analysis indicates lithium demand growing at a 20% CAGR through to 2030**, boosting demand to 3Mt by 2030, up 4–5x from current levels. Note that this compares with Albemarle, which recently [raised its forecasts for lithium demand by c 15%](#), suggesting that the world will consume c 1.8Mt LCE in 2025 and 3.7Mt in 2030.

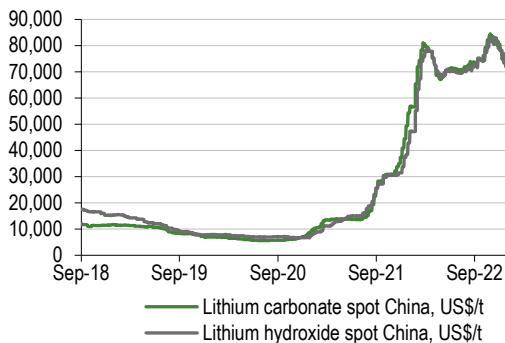
As a result, we have raised our short-term price forecasts to reflect recent price moves, and acknowledge near-term uncertainty. We project a potential supply/demand surplus on an unrisks basis in 2023, but a more balanced market once potential risks are incorporated (including technical risks, commissioning risks and other general delays). Short-term price momentum may dominate sentiment, but the longer-term need for additional capital spending is the core theme underlying lithium for the 2020s.

Lithium prices: Short-term volatility, long-term strength

Lithium prices have been volatile over the past year, spiking to a peak of just over US\$80,000/t (LCE spot basis) and averaging US\$62,000/t in 2022. At the time of writing, spot prices for carbonate had eased slightly to approximately US\$70,000/t. This compares to the average carbonate spot price in China of only c US\$6,200/t in 2020. Lithium was the best performing commodity in 2022, outperforming all other industrial metals by a wide margin.

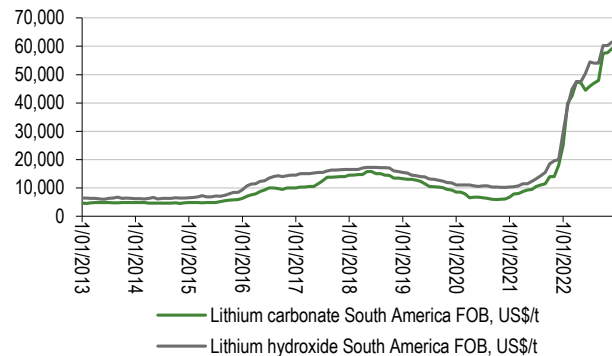
Forecasting average prices for 2023 is particularly uncertain given that prices are relatively high and the supply/demand outlook is particularly dependent on the ramp-up in projects. As a result, we have raised our 2023 price forecast from US\$24,000/t to US\$55,000/t and acknowledge, given the uncertainty in fundamentals in 2023, that this may require further adjustment as the year progresses.

Exhibit 1: Lithium prices, China spot



Source: Refinitiv

Exhibit 2: Lithium prices, South America FOB



Source: Refinitiv

Contract prices should generally follow the spot price, but with a certain lag. Based on the current market fundamentals, we conservatively model the average contract hydroxide price at US\$55,000/t in 2023–24.

A cyclical forecast should only apply to a period where reasonable visibility of likely project commissioning is possible. We would place this as four to five years at present, around which time either demand destruction or the acceleration of marginal supply could come into play. We acknowledge that the late 2020s are particularly uncertain and, as such, apply long-run pricing only beyond 2031. It is possible that continued demand growth continues to place upward pressure on these equilibrium prices. We do not believe that lithium equities discount an extrapolation of current spot prices.

Exhibit 3: Edison contract lithium price expectations, US\$/tonne

	2022a	2023e	2024e	2025e	2026e	2027e	Long term
Lithium hydroxide	63,500	56,000	56,000	51,000	46,000	40,000	23,500
Lithium carbonate	62,000	55,000	55,000	50,000	45,000	39,000	22,500

Source: Edison Investment Research

We assume a US\$1,000/t price difference between carbonate and hydroxide, which is lower than the historical levels (driven by the traditional value chain for industrial applications), but could also be conservative given high carbonate demand in China owing to the growing use of lithium ferro-phosphate (LFP) batteries. At the moment, however, we understand that the spot carbonate price is on par with, if not at a premium to, the hydroxide price.

Updated and improved Phase 1 economics

The mine plan summarised in Lepidico's 22 November 2022 announcement was largely unchanged relative to its May 2020 DFS. However, in the intervening time, it is notable that approximately 1.6Mt (or three years' worth of processing capacity) was upgraded from waste to ore reserves. While at a slightly lower overall grade (0.40% Li₂O cf 0.46% Li₂O), this upgrade also had the effect of reducing the waste:ore ratio of the overall project by a material 23.6%, from 3.77 to 2.88.

Subsequently, on 30 January 2023, Lepidico announced that it had upgraded substantially all of its resource at Helikon 4 (approximately a further three years' worth of processing capacity) from the inferred category of resources into the indicated category at a higher grade (0.47% Li₂O cf 0.38% Li₂O). It also confirmed the availability of a further c one year's worth of relatively high-grade material on surface at Rubicon (0.86% Li₂O) and Helikon (0.64% Li₂O) for processing once the project has commenced. A fortnight later, on 13 February, Lepidico announced that it had upgraded 62.6% of the upgraded resource tonnage at Helikon 4 that was in the indicated category (approximately 1.5yrs of processing capacity) into the probable category of reserves at an elevated grade of 0.51% Li₂O (cf a 0.46% resource grade). It also announced that it had upgraded 100% of the upgraded resource tonnage of surface material at Rubicon that was in the indicated category (approximately 0.5yrs of processing capacity) similarly into the probable category of reserves at a grade of 0.89% Li₂O (cf a prior project reserve grade of 0.40% Li₂O).

In our last note on Lepidico, we posited an additional six years of life to Lepidico's Phase 1 Plant project life (from 14 to 20 years) in anticipation of exploration results supporting additional resources and, ultimately, reserves, at Karibib. In the light of the upgrades demonstrated by Lepidico to both reserves and resources at Karibib to date, we have opted to retain the six additional years of production in our production model relative to that set out in its updated DFS. To this end, the Helikon 2-4 line of mineralisation will now be drill tested for both continuity along strike between the deposits and down dip to the south, with the objective of extending the Phase 1 operating life to well over 20 years. As well as targeting down-dip extensions to the mineralisation, the 2023 resource development drilling programme (that is scheduled to start imminently) will

provide geotechnical data with the objective of both expanding the project's indicated resources and increasing their conversion into probable reserves. The programme will also include infill and extensional drilling at Helikon 2-3, which together host an inferred mineral resource of 0.51Mt grading 0.52% Li₂O. In addition, a new occurrence of lepidolite bearing pegmatites was identified in Q4 CY22 within EPL5439, with intermittent outcrop and historical workings extending over a 1.5km strike and site access is being arranged to drill this priority new target.

Apart from the lithium price, the principal changes set out in Lepidico's updated and improved Phase 1 Plant project economics relate to its capital and operating cost estimates, which are summarised in Exhibits 4 and 5, below:

Exhibit 4: Phase 1 project capital cost estimate evolution

Item	Original estimate (May 2020) A	Last Edison estimate (October 2022) B	Updated estimate (November 2022) C	Updated increase cf original estimate (%) C/A	Updated increase cf Edison's last estimate (%) C/B
Mine & concentrator capex					
Karibib concentrator	26.8	40.2	41.9	56.3	4.2
Power/infrastructure	3.6	5.4	3.0	-16.7	-44.4
Owner's costs	3.6	5.4	8.1	125.0	50.0
Other	3.9	5.9	-	-100.0	-100.0
Contingency	4.9	7.4	10.2	108.2	37.8
Subtotal	42.8	64.2	63.2	47.7	-1.6
Chemical plant capex					
Chemical plant	64.8	112.2	136.7	111.0	21.8
EPCM	10.4	15.6	21.0	101.9	34.6
Owner's costs	7.2	10.8	19.9	176.4	84.3
Support infrastructure etc	2.7	4.1	7.3	170.4	78.0
Contingency	11.1	18.6	18.3	64.9	-1.6
Subtotal	96.2	161.2	203.2	111.2	26.1
Grand total	139.0	225.5	266.4	91.7	18.1

Source: Lepidico, Edison Investment Research

In general, while we had already inflated both our capex and opex estimates since the time of Lepidico's original DFS in May 2020 by 62% and 15%, respectively, we were still approximately 15% too low in our capex estimates relative to Lepidico's updated economics announcement of November 2022 and approximately 20% too low in our opex estimates (see below). While capital cost inflation is a reality in the mining industry in general at the current time, the materially improved project economics reported by Lepidico for the Phase 1 Plant project are a consequence of being in the right commodity (ie lithium) at the right point in its cycle. Moreover, the project is, to all intents and purposes, one of the first lithium projects to recalibrate its costs to current market conditions, in contrast to work conducted before 2022, which tended to recognise and capture disinflation, rather than inflation, within the industry.

Exhibit 5: Phase 1 operating cost estimate evolution

Item	Original estimate (May 2020) A	Last Edison estimate (October 2022) B	Updated estimate (November 2022) C	Updated increase cf original estimate (%) C/A	Updated increase cf Edison's last estimate (%) C/B
Mine & concentrator opex					
Mining	115	132	134	16.5	1.3
Concentration	121	139	185	52.9	32.9
General & administrative	32	37	58	81.3	57.6
Subtotal (US\$/t concentrate)	268	308	376	40.3	22.0
Chemical plant opex					
Concentrate logistics to Walvis Bay	579	666	1,066	84.1	60.1
Freight logistics to Abu Dhabi	895	1,029	1,447	61.7	40.6
Chemical plant	5,018	5,771	5,448	8.6	-5.6
Administration, management and labour	422	485	2,316	448.8	377.2
Subtotal (US\$/t LiOH.H₂O)	6,914	7,951	10,278	48.7	29.3

Source: Lepidico, Edison Investment Research

Assumptions

In the light of these developments, we have updated our valuation of Lepidico to reflect both our updated lithium price forecasts, as well as the project's updated capex and opex assumptions. For lithium hydroxide, a simple comparison of our revised price forecasts as they relate to Lepidico is as follows:

Exhibit 6: Edison revised lithium hydroxide monohydrate price forecasts (US\$/t)

	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	Long-term
Updated forecast	56,000	51,000	46,000	40,000	35,000	30,000	25,000	23,500	23,500
Previous forecast	25,000	25,000	25,000	22,000	20,000	18,000	18,000	18,000	18,000
Change (%)	+124.0	+104.0	+84.0	+81.8	+75.0	+66.7	+38.9	+30.6	+30.6

Source: Edison Investment Research

As stated previously, we have retained an additional six years of life in the project to reflect recent exploration success. In addition to the changes in operational and financial assumptions detailed above, we have made the following adjustments to our financial model:

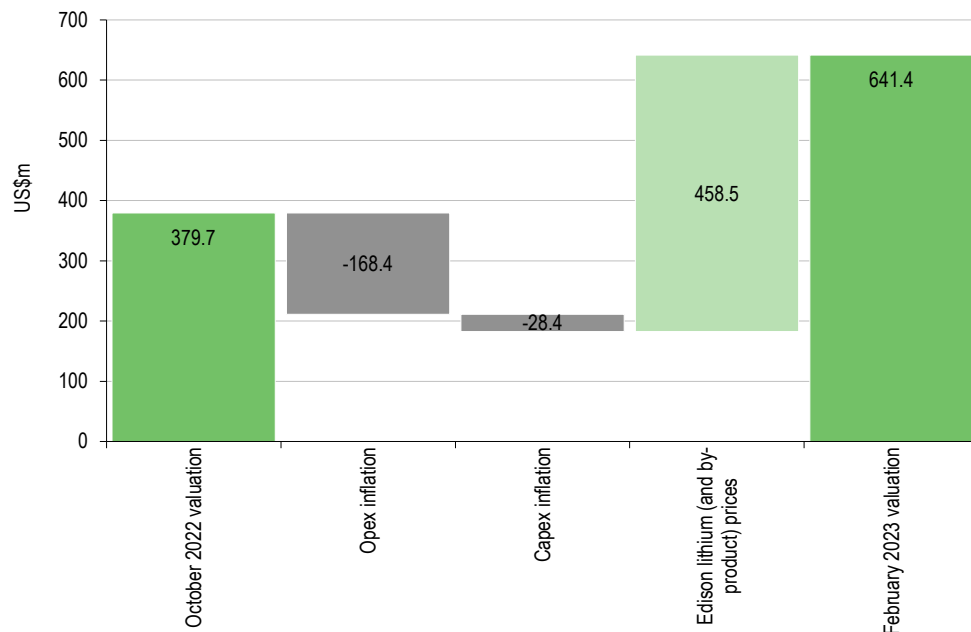
- We have updated our forex rate to A\$1.4134/US\$ (cf A\$1.5494/US\$ previously).
- We have maintained the size of Lepidico's presumed equity financing in FY23 at US\$41.8m (gross). Not least as a result of our updated forex assumptions (above), this has reduced the amount to be raised in Australian dollar terms from A\$60.8m to A\$56.7m (net), of which c A\$20.8m (gross) has already been raised principally in the form of the company's entitlements offer earlier this year (see above). Given that any further Phase 1 development equity will be raised after debt finance is arranged, which might reasonably be expected to lead to a re-rating of the company's shares, we are continuing to assume that this will take place at an unchanged share price of A\$0.028/share. Note that a sensitivity analysis of Lepidico's valuation to changes in the assumed price of equity funding is provided in the Sensitivities section of this note on page 8 below.

Valuation

Project valuation

Lepidico's updated and improved economics announcement of 22 November calculated a project NPV₈ for the integrated Karibib mining and chemical plant operation of US\$530m, or A\$749m (9.8 Australian cents per share) on a pre-funding basis at the current foreign exchange rate of A\$1.4134/US\$. By contrast, including six additional years of production, but also a 20% minority interest in the Karibib mining operation, we value the project at US\$641.4m (8.4 US cents per share), or A\$906.6m – 21.0% in excess of Lepidico's updated estimate. A bridge chart of the evolution of the project's valuation by component part since our equivalent valuation at the time of our last note (in October 2022) is as follows:

Exhibit 7: Karibib project valuation bridge, October 2022 to February 2023 (US\$m)



Source: Edison Investment Research. Note: Includes 20% minority interest in Namibian mining and concentration operation.

Company valuation

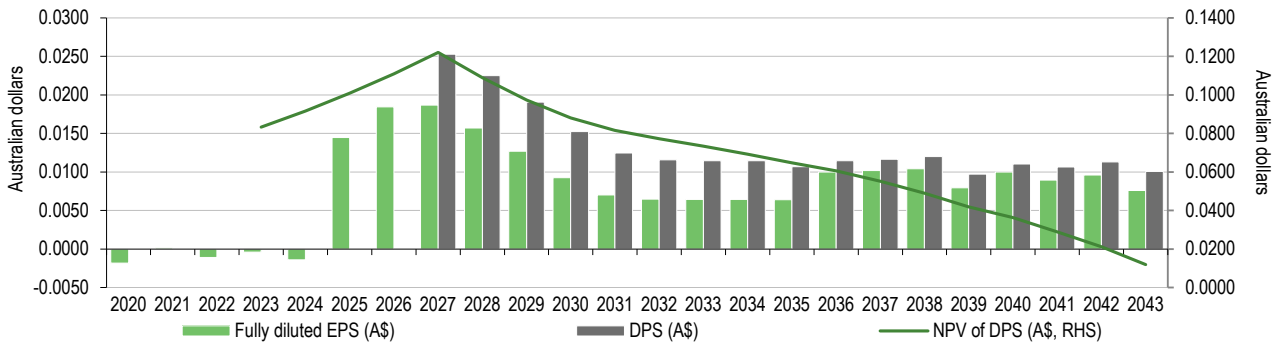
Our valuation of Lepidico's equity varies from our value of the integrated Karibib mining and chemical plant project, among other things, on account of the following:

- Our valuation of the project is conducted on the basis of discounted cash flows (DCF) at a discount rate of 8% (to be consistent with Lepidico's original DFS and subsequent update), whereas our valuation of the company is based on the present value of future dividends potentially payable to shareholders in Australian dollars – necessarily post-funding – using a discount rate of 10%.
- Our valuation of the company automatically takes into account anticipated changes in working capital requirements (based on assumed creditor, debtor and stock days), which are also excluded from our DCF valuation model.
- Our equity valuation of the company is necessarily stated after debt interest payments, which is not the case for our DCF valuation of the project, where the cost of debt is implicitly embedded in the discount rate applied to cash flows.
- Our company valuation assumes ongoing corporate costs in the order of A\$3.1m per year.

As a consequence, changes in the project valuation are typically dampened when compared to the company valuation.

In our last note on the company, we calculated a value for Lepidico's shares of 5.67 Australian cents per share plus 0.38c for the value of an envisaged loan to the minority shareholders in the upstream Namibian operation to give a total valuation for the company of 6.05c/share. In the wake of the changes discussed above, our discounted valuation of Lepidico's future (maximum potential) dividend stream to shareholders has increased to 8.34c/share, rising to a peak of 12.20c/share (cf 9.26c/share previously) on the cusp of the company's (assumed) first material dividend in FY27, as shown in the chart below:

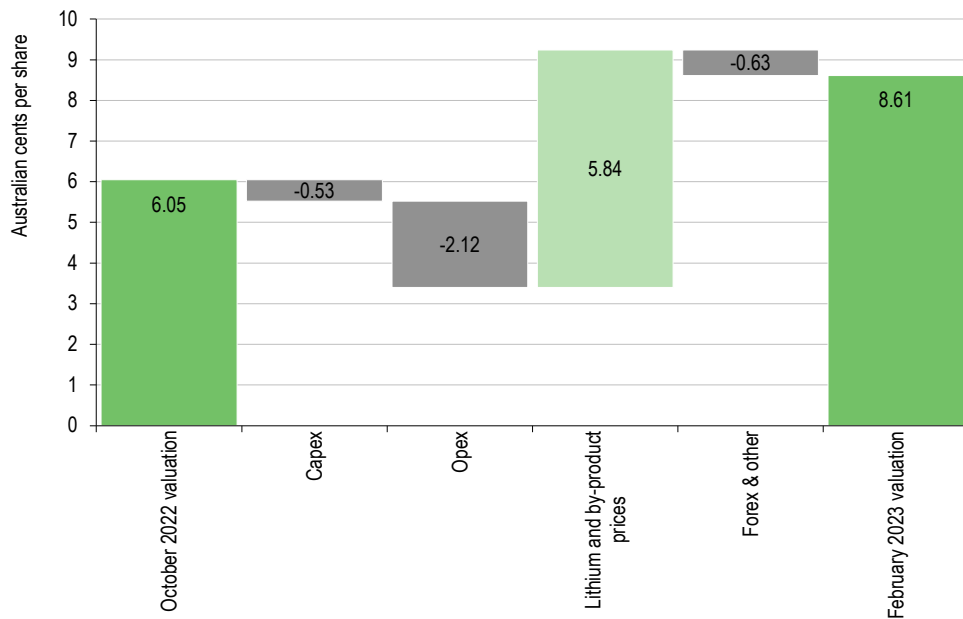
Exhibit 8: Edison estimate of future Lepidico EPS and (maximum potential) DPS



Source: Edison Investment Research

To this valuation of 8.34c/share should then be added the value of Lepidico’s envisaged future loan to the minority shareholders in the Namibian mining and concentrating operation, which we now estimate at 0.28c/share (fully diluted), to result in a total value for Lepidico’s shares of 8.61c/share (cf 6.05c/share previously), based solely on its Phase 1 project. A bridge chart, showing the major components in the evolution of the valuation from 6.05c/share to 8.61/share is provided in Exhibit 9, below.

Exhibit 9: Lepidico valuation bridge, October 2022 to February 2023



Source: Edison Investment Research

To this valuation of 8.61c/share may then be added a potential risk-adjusted 0.65–1.59c/share (fully diluted) for a conceptual 20,000tpa LCE Phase 2 Plant (see our note, [Phase 2 coming into view](#), published on 18 June 2021), to take our total aggregate conceptual valuation of Lepidico to 9.26–10.20 cents per share (cf 6.71–7.66 cents per share previously).

Sensitivities

In the wake of its updated economics, the two principal quantitative risks to which our valuation of Lepidico is exposed are: 1) the long-term price of lithium hydroxide and 2) the price at which it

raises future equity. The effects of the lithium hydroxide price sticking at a higher level, earlier than the long-term one currently assumed (US\$23,500/t – see Exhibit 6) are as follows:

Exhibit 10: Lepidico valuation sensitivity to the long-term price of lithium hydroxide (US\$/t)

Lithium hydroxide price (US\$/t)	20,000	23,500	24,250	27,500	32,500	37,500	43,000	48,500
Lepidico valuation (Australian cents per share)	7.85	8.61	8.78	9.59	11.03	12.66	14.70	16.98
Change of 'base case' (%)	-8.8	u/c	+2.0	+11.4	+28.1	+47.0	+70.7	+97.2

Source: Edison Investment Research

At the same time, our financial model assumes that Lepidico will raise a further A\$37.0m (net) in FY23 at an unchanged share price of 2.8c (cf Lepidico's prevailing share price of 1.5c at the time of writing). Exhibit 11 demonstrates the sensitivity of our valuation to variations in this equity price:

Exhibit 11: Lepidico valuation sensitivity to future equity funding price (Australian cents per share)

Equity funding price	1.00	1.50	2.00	2.50	2.80	3.00	3.50	4.00	5.00	6.00	7.00	8.00	9.00	9.68
Lepidico valuation	6.73	7.59	8.11	8.45	8.61	8.70	8.89	9.03	9.24	9.39	9.50	9.58	9.64	9.68

Source: Edison Investment Research

Readers should note that it is also possible that Lepidico may choose to source all (or a portion) of this future equity funding requirement from a strategic partner after debt funding has already been secured, in which case it is possible/likely that a higher equity price could be supported.

Exhibit 12: Financial summary

Accounts: IFRS, year-end: June, A\$000s	2018	2019	2020	2021	2022	2023e	2024e
PROFIT & LOSS							
Total revenues	171	2	47	4,137	10	0	0
Cost of sales	0	0	0	0	0	0	0
Gross profit	171	2	47	4,137	10	0	0
SG&A (expenses)	(5,284)	(4,006)	(4,904)	(3,398)	(4,796)	(3,146)	(3,146)
Other income/(expense)	0	0	0	0	0	0	0
Exceptionals and adjustments	(2,171)	(1,150)	(2,740)	(338)	(2,275)	0	0
Depreciation and amortisation	(6)	(8)	(1,208)	(713)	(411)	(411)	(411)
Reported EBIT	(7,290)	(5,162)	(8,805)	(311)	(7,472)	(3,558)	(3,558)
Finance income/(expense)	70	57	17	0	(392)	5	(11,137)
Other income/(expense)	0	0	0	0	0	0	0
Exceptionals and adjustments	0	0	(2,026)	0	0	0	0
Reported PBT	(7,220)	(5,105)	(10,814)	(311)	(7,863)	(3,552)	(14,694)
Income tax expense (includes exceptionals)	0	0	696	593	(78)	0	0
Reported net income	(7,220)	(5,105)	(10,118)	283	(7,941)	(3,552)	(14,694)
Basic average number of shares, m	2,624	3,272	4,568	5,218	6,247	7,775	9,044
Basic EPS (c)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)
BALANCE SHEET							
Property, plant and equipment	27	20	1,904	1,669	8,591	185,020	384,298
Intangible assets	19,027	22,925	23,870	24,631	29,065	29,065	29,065
Other non-current assets	730	27,469	42,798	44,058	47,396	47,396	47,396
Total non-current assets	19,783	50,414	68,573	70,358	85,052	261,482	460,760
Cash and equivalents	4,860	13,660	4,793	14,738	8,043	8,043	8,043
Trade and other receivables	712	1,869	1,767	244	2,204	0	0
Total current assets	5,572	15,529	6,560	14,982	10,247	8,043	8,043
Non-current loans and borrowings	0	3,276	5,215	0	6,744	129,588	343,560
Other non-current liabilities	0	0	10,055	9,283	9,669	9,669	9,669
Total non-current liabilities	0	3,276	15,271	9,283	16,413	139,257	353,229
Trade and other payables	804	10,940	565	968	1,986	259	259
Current loans and borrowings	0	0	0	0	280	280	280
Other current liabilities	51	86	108	140	179	179	179
Total current liabilities	856	11,026	672	1,108	2,445	717	717
Equity attributable to company	24,500	53,252	52,404	68,314	70,037	123,147	108,452
Non-controlling interest	0	(1,610)	6,785	6,636	6,404	6,404	6,404
CASH FLOW STATEMENT							
Profit for the year	(7,220)	(5,105)	(10,118)	283	(7,941)	(3,552)	(14,694)
Taxation expenses	0	0	(696)	(593)	78	0	0
Depreciation and amortisation	6	8	1,208	713	411	411	411
Share based payments	2,138	520	1,027	338	1,823	0	0
Other adjustments	2,066	664	4,716	(497)	837	0	0
Movements in working capital	(28)	410	(1,509)	201	(689)	477	0
Interest paid/received	0	0	0	0	0	0	0
Income taxes paid	0	0	696	593	0	0	0
Cash from operations (CFO)	(3,038)	(3,504)	(4,676)	1,037	(5,483)	(2,665)	(14,283)
Capex	(3,057)	(6,251)	(7,452)	(550)	(8,631)	(176,841)	(199,689)
Acquisitions & disposals net	110	0	416	0	0	0	0
Cash used in investing activities (CFIA)	(2,947)	(6,251)	(7,036)	(550)	(8,631)	(176,841)	(199,689)
Net proceeds from issue of shares	7,555	18,462	3,523	14,707	7,432	56,662	0
Movements in debt	0	0	0	(5,176)	0	122,844	213,972
Cash from financing activities (CFF)	7,555	18,462	3,523	9,531	7,432	179,505	213,972
Increase/(decrease) in cash and equivalents	1,570	8,707	(8,190)	10,017	(6,681)	0	0
Currency translation differences and other	(17)	93	(678)	(72)	(14)	0	0
Cash and equivalents at end of period	4,860	13,660	4,793	14,738	8,043	8,043	8,043
Net (debt)/cash	4,860	10,385	(422)	14,738	1,019	(121,825)	(335,797)
Movement in net (debt)/cash over period	1,553	5,525	(10,807)	15,160	(13,719)	(122,844)	(213,972)

Source: Company sources, Edison Investment Research.

General disclaimer and copyright

This report has been commissioned by Lepidico and prepared and issued by Edison, in consideration of a fee payable by Lepidico. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2023 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia