LITHIUM AUSTRALIA NL
(Formerly Cobre Montana NL)

(ACN 126 129 413)

Annual Report

For the Year Ended
30 June 2015

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Corporate Directory

DIRECTORS

Adrian Griffin (Managing Director)

Bryan Dixon (Non-executive Director)

George Bauk (Non-executive Chairman)
(Appointed 15 July 2015)

Eduardo Valenzuela (Non-executive Chairman)
(Resigned 15 July 2015)

COMPANY SECRETARY

Barry Woodhouse (appointed 21 August 2015)
Amanda Wilton-Heald (resigned 21 August 2015)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTRY

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WA 6009

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STOCK EXCHANGE LISTING

The Company is listed on Australian Securities Exchange Limited
Home Exchange – Perth
ASX Codes: LIT
LITCB

CHAIRMAN'S LETTER

Dear fellow Shareholder,

It was with tremendous excitement that I accepted the invitation to become Chairman of Lithium Australia (LIT) and shareholders approved my appointment on 15 July 2015. In the lead-up to that General Meeting, I was brought up-to-date with LIT's new strategy. Before I discuss the new strategy, I must thank the previous (Cobre Montana) Board for its efforts to discover a new gold and copper horizon in Chile. As we are all well aware, small market cap mineral exploration is a cruel mistress and there is a fine line between success and failure. I applaud the previous Board for its focus but recognise that the objectives were not met.

My excitement to join the board of Lithium Australia was based on the passion, energy and dedication of Adrian Griffin who was instrumental in the focus of the Company's assets to the Lithium industry. It is the people that make a company, who create the strategy and then pursue the parts to ultimately fulfil the strategy. I would also like to acknowledge Bryan Dixon, fellow board member who worked with Adrian Griffin to develop the new direction of the Company.

In developing the strategic direction of the Company, the Board looked at 'metals' that are part of the "greener world" that have uses today but are growing in demand in an exponential way and have applications that have yet to be invented and/or commercialised. That is interesting; however what will be the point of difference for Lithium Australia? It is to use disruptive technology to achieve commercial production of lithium chemicals from micas at an operating cost in the lowest quartile globally and from a significant resource base.

LIT saw a way to use its exploration and processing skills developed over many years for the benefit of the environment and shareholders. How and Why?

Extraction of lithium from mica has historically been problematic, requiring high temperature calcining and large amounts of energy. The reason such processes have never been adopted commercially is that the relatively low lithium grade of micas provides insufficient revenue potential to cover the high energy cost of the calcining. Conversely, the process developed by Lithium Australia and its associates has removed the energy intensive element of processing and replaced it with a step that creates surplus energy. This, together with valuable by-product credits is the paradigm shift that allows the processing of micas to be commercialised.

LIT conducted a number of mini-plant trials in Perth on samples provided from its projects in Western Australia as well as selected European deposits. LIT is targeting historical mining projects with waste lithium mica material ready for immediate processing. One such project is Cinovec where LIT is in the final stage of completing a joint venture agreement which will allow access to waste for lithium extraction. LIT currently plans to scale-up its process by building a pilot plant, and then using this knowledge to up-scale again for a project that, at prevailing prices, should continue for a number of years.

LIT continues to review other projects in Europe and WA. Given its current first-mover advantage, the Company has the benefit of reviewing projects with large lithium inventory.

Identification of the appropriate supply is only half the story. Whilst LIT seeks to secure supply, it requires the ability to sell the lithium into a growing world market. LIT is currently seeking a supportive cornerstone investor who shares our vision to control the majority of global lithium inventory. Such an investor may be accompanied with an off-take agreement.

The time is right to position our Company in the Lithium market with disruptive technology that will deliver lithium carbonate within the lowest cost quartile globally.

The building blocks are being put in place for Lithium Australia to take full advantage of its first mover advantage over the coming 12 to 18 months.

It is my hope that all current shareholders will continue to support the Company and I thank you for your support to date.

George Bauk
Chairman

DIRECTORS' REPORT

On 15 July 2015, a General Meeting was held and a resolution to change the company name from Cobre Montana NL to Lithium Australia NL was passed by shareholders. ASIC has registered the change of name and new Certificate of Registration on Change of Name was issued on the same day. The change of name was effected to better reflect the focus of the Company as a developer of disruptive lithium exploration, mining and processing technology.

Your directors present their report on Lithium Australia NL ("LIT" or the "Company"), and its controlled entities (the "consolidated entity") for the year ended 30 June 2015 (the "year").

1. DIRECTORS

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

Adrian Griffin	Managing Director
Bryan Dixon	Non-Executive Director
George Bauk	Non-Executive Chairman (appointed 15 July 2015)
Eduardo Valenzuela	Non-Executive Chairman (resigned 15 July 2015)

BOARD OF DIRECTORS

The names and details of the consolidated entity directors in office during the financial year and until the date of this report are as outlined below. Directors were in office for this entire period unless otherwise stated.

George Bauk ***(Non-Executive Chairman, appointed 15 July 2015)***

Mr Bauk has more than 25 years of mining industry experience which includes particular expertise in critical metals. Mr Bauk is skilled in strategic management, business planning, the establishment of high-performing teams and capital-raising. Mr Bauk held senior operational and corporate positions with WMC Resources and Arafura Resources and was managing director of Indigo Resources (formerly Western Metals). Since 2010, Mr Bauk has been managing director and CEO of Northern Minerals, overseeing that company's heavy rare earth project in northern Australia. This included organising a successful greenfields exploration programme, obtaining government approvals for production and co-existence agreements with traditional owners, initiating a definitive feasibility study and establishing off-take agreements with international suppliers, as well as substantial fund-raising, all of which has provided him with valuable exposure to critical metals markets – experience now directly applicable to advancing the activities of Lithium Australia.

Adrian Griffin **(Managing Director)**

Mr Griffin has extensive experience in the resource sector accumulated over 35 years. He has held directorships in a number of private and listed resource companies and has been responsible for operating large integrated mining and processing facilities including the Bulong nickel-cobalt operation in the late 1990s. Mr Griffin has substantial experience in the mining industry in South Africa and in particular was founder and technical director of Ferrum Crescent Ltd, a developer of iron ore in that country. Mr Griffin is currently a director of Northern Minerals Limited, Potash West NL, and Reedy Lagoon Corporation Limited

Bryan Dixon ***(Non-Executive Director)***

Mr Dixon has substantial experience in the mining sector and in the management of public and listed companies. Previously, Mr Dixon has been employed by KPMG, Resolute Samantha Limited, Société Générale and Archipelago Resources Plc. Mr Dixon is Managing Director of ASX listed Blackham Resources Ltd and is a non-executive director of Hodges Resources Limited. Mr Dixon is a Chartered Accountant and brings additional project development, project acquisition, financing and corporate skills to the Company.

Eduardo Valenzuela ***(Non-Executive Chairman, resigned 15 July 2015)***

DIRECTORS' REPORT

COMPANY SECRETARY

Barry Woodhouse (Appointed 21 August 2015)

Mr Woodhouse is a CPA and a Fellow of Governance Institute of Australia and has more than 27 years' experience in the junior mineral exploration, mineral production, mining services and manufacturing sectors in both private and public companies in Australian and foreign jurisdictions. Mr Woodhouse has held roles including CFO, Company Secretary, Director and Chairman. This includes previous experience in a private lithium explorer in Australia and Namibia.

Amanda Wilton-Heald (Resigned 21 August 2015)

Directorships of other listed companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	*Company*	*Period of directorship*
Adrian Griffin	Potash West NL	From 12 November 2010
	Northern Minerals Limited	From 22 June 2006
	Reedy Lagoon Corporation Limited	From 30 June 2014
Bryan Dixon	Blackham Resources Limited	From 7 July 2006
	Hodges Resources Limited	From 17 August 2005
George Bauk	Northern Minerals Limited	From 2 March 2010

2. PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the financial year was project acquisition, mineral exploration and process development, primarily in lithium.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year other than as stated in the Chairman's Report and outlined in the Review of Operations.

3. OPERATING RESULTS

The loss of the consolidated entity after providing for income tax amounted to $1,417,432 (2014: loss of $2,637,349).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS

Early in the 2014/15 year, Lithium Australia NL ('LIT') noticed an important change in the dynamics of lithium supply – a broadening supply gap and a potential shortage of available lithium. The dynamics on the supply side are complex and controlled by only a handful of producers. LIT saw an unparalleled opportunity to develop an independent supply stream.

Lithium micas, long considered waste by the lithium chemical industry, comprise the most abundant group of lithium minerals worldwide. Recognising this, LIT joined forces with Perth-based Strategic Metallurgy Pty Ltd (SMPL) to develop a metallurgical process that could well create a supply-stream solution; that is, producing lithium carbonate from the waste from mining operations to fill the widening supply gap projected for the battery market. Initial laboratory tests confirmed the efficacy of a process that permits what was previously 'waste' to be labelled 'ore'.

The process has a very low energy footprint, and unlike other processes investigated in the past, requires no roasting. Significant by-product credits enhance the economics and estimated operating costs suggest the process will be competitive with the world's most efficient producers provided the feed to the carbonate plant incurs a low mining cost. LIT has identified a number of projects where this waste feed is available.

The abundance and availability of lithium micas not historically assessed for resource potential have provided LIT with scope for establishing a project portfolio of significance in the lithium industry and reaping the rewards of first-mover advantage. LIT has now made significant progress towards its goal of controlling the world's largest lithium inventory. This has been achieved by strengthening strategic relationships, which has provided immediate access to mineralised material, and targeting areas of high prospectivity for lithium micas, until now a 'forgotten resource'.

Identifying the opportunity

In July 2014, a projected long-term supply deficit in the lithium market prompted LIT to review lithium occurrences in Western Australia. It soon became apparent that much of the State's lithium was locked in the micas, lepidolite and zinnwaldite, neither of which has previously been mined to produce lithium chemicals. The materials themselves were not a 'Resource' or 'Ore' under the JORC 2012 Code as there was no way of economically recovering the lithium from them. As a consequence, there was little point in undertaking field programs to quantify their abundance in any locality, as by JORC definition, this would not result in a commercial outcome. Therefore, a metallurgical breakthrough was needed prior to detailed deposit evaluation.

LIT, in conjunction with SMPL, conducted the first successful leach tests on a lepidolite specimen purchased on the Internet. Larger samples were subsequently required for bulk testing, which necessitated access to identified mineralisation.

Negotiations to acquire the first of LIT's lithium mica deposits commenced in July 2014.

First access to lepidolite deposits – September 2014

A number of areas of abundant lepidolite were targeted for evaluation, not only to supply the bulk test material needed to prove the veracity of SMPL's leach process but also to recover enough leach solutions to investigate downstream processing and the production of lithium chemicals.

LIT's first project, Ravensthorpe, was procured by way of an option to purchase from Dempsey Minerals Ltd. Located near Ravensthorpe in Western Australia, the project covers the Cocanarup Pegmatite Field, which in the past has produced various commodities hosted by the pegmatites.

The second project, the Coolgardie Rare Metals Venture, also in Western Australia, is an initiative with Focus Minerals Limited (ASX:FML). It includes the historic lithium production centre of Lepidolite Hill. Under the terms of its agreement with FML, LIT has the rights to all metals derived from pegmatites on the property and will free-carry a 20% FML interest to the point at which a decision is made to commit to feasibility.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS (continued)

Production of battery-grade lithium carbonate – October 2014

Bulk samples from Lepidolite Hill were subjected to flotation, producing a high-grade lepidolite concentrate that was subsequently leached. Further processing of the leach liquor removed unwanted impurities and precipitated battery-grade lithium carbonate. **This result was achieved less than three months after obtaining access to the first of the Western Australian deposits**.

Lithium process breakthrough delivers 25-year option

In recognition of LIT's collaboration in developing the lithium mica extraction technology, SMPL, the owners of the intellectual property, granted LIT a conditional option over an exclusive licence to use the technology in Western Australia for more than 25 years, plus two other licences that can be used anywhere in the world. One of these licences has been assigned to Cinovec.

Access to more deposits in Western Australia

LIT's success in producing battery-grade lithium carbonate from lithium mica has prompted global interest in the process and led to a number of collaborative agreements. Those agreements include the Seabrook Rare Metals Venture with Tungsten Mining NL (ASX:TGN), where LIT has the rights to all metals except tungsten. A 20% TGN interest will be free-carried to the point at which a decision is made to commit to feasibility.

Further, LIT has entered into an agreement with Pilbara Minerals Limited (ASX:PLS) to assess PLS's Pilgangoora project in the north-west of Western Australia, with a view to presenting PLS with a commercial development proposal by December 2015. Material from Pilgangoora is presently the subject of metallurgical testing.

From a focus on tin to a major lithium resource in two months

In December 2014, LIT announced a landmark agreement with European Metals Holdings Ltd (ASX:EMH). Under the terms of that agreement, LIT agreed to assess the lithium potential of the 100% EMH-owned Cinovec tin/tungsten deposit in the Czech Republic. Although a published lithium resource existed there, EMH recognised that then proposed techniques for lithium extraction involved roasting and hence were high-cost processing routes which historically had not been competitive.

Laboratory tests conducted after the end of the reporting period revealed that the Cinovec zinnwaldite responds well to both concentration by flotation and further acid leaching using the SMPL flow sheet.
As a consequence of that metallurgical success and additional drilling, the deposit has been re-modelled, the result being publication of the following resource statement:

- an Inferred Resource of 5.5 Mt LCE*, 514.8 Mt @ 0.43% Li_2O (0.1% Li cut-off), and
- an additional Exploration Target of 3.4–5.3 Mt LCE, being 350–450 Mt @ 0.39-0.47% Li_2O.

*LCE = lithium carbonate equivalent, a common measure for reporting lithium production and demand.
LCE = Li_2O% x 2.473.

> ***Cautionary statement** The potential quantity and grade of the Exploration Target, is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Both the conversion of an opportunity into reality via the application of new technology to a 'forgotten resource' and the elevation of an unknown deposit into one of the world's five largest hard-rock lithium deposits are testament to the potential of LIT to realise its ultimate goal: that of controlling the greatest lithium inventory of any company

The rapid progress of developing this processing system is a credit to all involved. The potential to improve recoveries to the extent demonstrated is the holy grail of hydrometallurgical processing. But that isn't where it ends – the ability to recover value added products from every major metal in the solution suggests we are on the verge of unveiling a lithium extraction process commercially unrivalled by anything else presently in production.

DIRECTORS' REPORT (Continued)

6. SIGNFICANT CHANGES IN STATE OF AFFAIRS

During the 2015 financial year, LIT withdrew from all Chilean activities and changed its focus to lithium. As part of this change in focus from copper in Chile to lithium, the Company changed its name to Lithium Australia NL which was approved by shareholders on 15 July 2015 as referred to below.

Apart from these items, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

7. AFTER BALANCE DATE EVENTS

On 7 July 2015, the Company paid $100,000 and exercised its exclusive lithium technology option with Perth's Strategic Metallurgy Pty Ltd 15 months early. This option allows the Company to use the technology globally to recover lithium from mica group minerals for the next 25 years. One licence covers WA exclusively and one licece has been assigned to the Cinovec. One licence remains unassigned.

On 8 July 2015, the Company issued 2,096,051 shares under the Director & Senior Management Fee & Remuneration Sacrifice Share Plan.

On 15 July 2015, the Company changed its name from Cobre Montana NL to Lithium Australia NL.

On 15 July 2015, the Company issued 8,100,000 Performance Rights and 16,000,000 Performance Option Rights to the Company's Directors on the terms and conditions as approved by shareholders.

On 22 July 2015, 3 million partly paid shares were issued to RM Capital.

On 1 September 2015, the Company completed the program in relation to the one cent call on partly paid shares. As a result, the Company now has 36,668,001 partly paid shares, paid to $0.011 and unpaid to $0.039. The ASX ticker for this series is "LITCB". As part of this program, the Company issued 1,260,000 fully paid ordinary shares after some shareholders chose to fully pay up on partly paid shares.
On 2 September 2015, 3,250,000 options with an exercise price of $0.0875 expired unexercised. Total funds raised were $369,495 and $73,615 respectively.

On 9 September 2015, 4,548,867 options with an exercise price of $0.10 expired unexercised.

No matters or circumstances have arisen since the end of the financial year which significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

8. FUTURE DEVELOPMENTS

LIT is the only company actively pursuing the production of battery-grade lithium carbonate from micas with a cost competitive processing technique. This gives it significant 'first mover' advantage, as does the exclusive nature of its extraction technology licences.

Western Australia's lithium mica deposits remain LIT's exclusive domain, while the first of its global licences has been allocated to the giant Cinovec deposit in the Czech Republic; LIT is now preparing its commercial development proposal for presentation to the project's owner, European Metals Holdings Ltd.

Meanwhile, LIT is assessing other projects worldwide and reviewing opportunities in Africa, Europe, the Americas and Australia.

Other than as referred to in this report, further information as to the likely developments in the operations of the consolidated entity and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the consolidated entity and its shareholders.

9. FINANCIAL POSITION

The consolidated entity was in a working capital surplus of $527,853 at 30 June 2015 (2014: working Capital deficit of $182,795).

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

DIRECTORS' REPORT (Continued)

10. DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the consolidated entity during the financial year was:

	Board Meetings	
	Number held and entitled to attend	**Number Attended**
Adrian Griffin	6	6
Bryan Dixon	6	6
Eduardo Valenzuela*	6	5

** Directors resigned on 15 July 2015*

11. ENVIRONMENTAL ISSUES

The consolidated entity's operations are subject to State and Federal laws and regulation concerning the environment. Details of the consolidated entity performance in relation to environmental regulation are as follows:

The consolidated entity's exploration activities are subject to the Mining Act in Australia. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements. The consolidated entity aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the consolidated entity are not aware of any breach of environmental legislation for the financial year under review.

12. PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

13. SHARE OPTIONS

At the date of this report, the unissued ordinary shares of Lithium Australia NL under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
1 December 2011	29 December 2015	$0.2500	1,500,000
28 July 2014	1 July 2016	$0.1000	3,000,000
			4,500,000

No new options have been issued subsequent to 30 June 2015. However, refer to after balance date events.

14. REMUNERATION REPORT (audited)

The report outlines the remuneration arrangements in place for Directors and Key Management Personnel of Lithium Australia NL in accordance with the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel are defined as those having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any directors of the consolidated entity.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

14. REMUNERATION REPORT (audited) (continued)

Remuneration Policy

The board policy is to remunerate directors, officers and employees at market rates for time, commitment and responsibilities. The board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold securities in the Company.

The consolidated entity's aim is remunerate at a level that will attract and retain high-calibre directors, officers and employees. Company officers and directors are remunerated to a level consistent with the size of the consolidated entity.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

All equity based remuneration paid to directors and executives is valued at the cost to the consolidated entity and expensed. Options are valued using the Black-Scholes methodology.

Performance Based Remuneration

The issue of shares and options to directors is in accordance with the Company's employee share option plan to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition all directors and executives are encouraged to hold shares in the Company.

The consolidated entity has not paid bonuses to directors or executives to date.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

14. REMUNERATION REPORT (audited) (continued)

Details of Remuneration for Year Ended 30 June 2015

The remuneration for each director and of the one executive officer of the consolidated entity during the year was as follows:

Directors and Executive Officers' Emoluments

	Short Term Benefits			Post Employment		Share Based Payments		Total	Options % of Total Remuneration
	Salary, Fees & Superannuation (a)	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity (b)	Options	$	%
Martin Pyle - Chairman [1]									
2015	-	-	-	-	-	-	-	-	0%
2014	15,050	-	-	519	-	4,855	8,370	28,794	29%
Bryan Dixon - Non Executive Director									
2015	40,000	-	-	-	-	9,982	-	49,982	0%
2014	30,000	-	-	-	-	4,000	8,370	42,370	20%
Adrian Griffin - Managing Director									
2015	208,333	-	-	-	-	49,910	-	258,243	0%
2014	137,500	-	-	-	-	22,000	12,555	172,055	7%
Phillip Miolin - Non Executive Director [2]									
2015	-	-	-	-	-	-	-	-	0%
2014	10,108	-	-	662	-	2,955	8,370	22,095	38%
David Seymour - Non Executive Director [3]									
2015	-	-	-	-	-	-	-	-	0%
2014	10,108	-	-	662	-	2,955	8,370	22,095	38%
Eduardo Valenzuela - Non Executive Chairman [4]									
2015	23,858	-	-		-	10,980	-	34,839	0%
2014	33,031	-	-	-	-	3,470	3,970	40,471	0%
George Bauk - Non Executive Chairman [5]									
2015	-	-	-	-	-	-	-	-	0%
2014	-	-	-	-	-	-	-	-	0%
Total									
2015	272,191	-	-	-	-	70,872	-	343,063	0%
2014	235,797	-	-	1,843	-	40,235	50,005	327,880	15%

(a) Included in salary is equity portion of director fees which shares are yet to be issued at 30 June 2015.
Subsequent to year end, the Company issued 2,096,051 shares with total value of $118,462 to the directors under the director and senior management fee and remuneration sacrifice share plan, for which related to the financial year ended 30 June 2015.

(b) Shares issued in lieu of cash in relation to director fees.

(c) Subsequent to year end, the Company issued 2,096,051 shares with total value of $118,462 to the directors under the director and senior management fee and remuneration sacrifice share plan.

1 *Martin Pyle has resigned as director on 3 October 2013.*

2 *Phillip Miolin has resigned as director on 3 October 2013.*

3 *David Seymour has resigned as director on 3 October 2013.*

4 *Eduardo Valenzuela was appointed as Non-Executive Chairman 19 August 2013 and resigned on 15 July 2015.*

DIRECTORS' REPORT (Continued)

14. REMUNERATION REPORT (audited) (continued)

Employment Contracts of Directors and Senior Executives

The Managing Director, Mr Adrian Griffin, is employed under contract. This current contract commenced on 1 February 2011 and has a term of 3 years with an option to extend for a further 2 years. This contract provides Mr Griffin with a fee of $250,000. The company may terminate this employment agreement at any time and without prior notice if serious misconduct has occurred. In this event remuneration is only payable up until the date of the termination.

There were no formal contracts finalised as at the completion of the June 2013 financial year for Non-executive Directors. Non-executive Directors are paid under the terms agreed to by a directors resolution at rates detailed below:

Director's fees of $23,858* were paid, or were due and payable to Andes Consulting Pty Ltd. Mr Valenzuela is a director and shareholder of Andes Consulting Pty Ltd.

Director's fees of $40,000* were paid, or were due and payable to Warrior Strategic Pty Ltd. Mr Dixon is a director and shareholder of Warrior Strategic Pty Ltd.

** Effective from 1 July 2014, all the Company's directors have resolved to undertake the salary sacrifice arrangement, 50% of the director's fees will be settled by issuing ordinary shares, and uses the project approval EGM to have the retrospective shares issued to directors and approve a forward plan.*

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The number of listed and unlisted options held by each KMP of the consolidated entity during the financial year is as follows:

	Balance 1.7.2014	Granted as Compensa-tion	Options Exercised/ Expired	Balance 30.6.2015	Total Vested 30.6.2015	Total Exercisable 30.6.2015	Total unexercis-able 30.6.2015
Bryan Dixon	1,500,000	-	(1,000,000)	500,000	500,000	500,000	-
Adrian Griffin	2,250,000	-	-	2,250,000	2,250,000	2,250,000	-
Eduardo Valenzuela 4	500,000	-	-	500,000	500,000	500,000	-
Total	**4,250,000**	**-**	**(1,000,000)**	**3,250,000**	**3,250,000**	**3,250,000**	**-**

The number of ordinary shares held by each KMP of the consolidated entity during the financial year is as follows:

	Balance 1.7.2014	Received as compensation	Options exercised	Net change other	Balance 30.6.2015
Bryan Dixon	851,274	404,126	-	116,944	1,372,344
Adrian Griffin	2,453,066	2,020,632	-	(1,472,571)	3,001,127
Eduardo Valenzuela 4	797,519	444,539	-	518,067	1,760,125
Total	**4,101,859**	**2,869,297**	**-**	**(837,560)**	**6,133,596**

The number of partially paid contributing shares held by each KMP of the consolidated entity during the financial year is as follows:

	Balance 1.7.2014	Received as compensation	Options exercised	Net change other	Balance 30.6.2015
Bryan Dixon	750,000	-	-	484,110	1,234,110
Adrian Griffin	334,082	-	-	1,498,894	1,832,976
Eduardo Valenzuela 4	-	-	-	452,079	452,079
Total	**1,084,082**	**-**	**-**	**2,435,083**	**3,519,165**

There have been no other transactions involving equity instruments other than those described in the tables above.

DIRECTORS' REPORT (Continued)

14. REMUNERATION REPORT (audited) (continued)

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (Continued)

Options Issued as Part of Remuneration

During the year ended 30 June 2015, the following share based payment options arrangements were in existence:

Options series	Number	Grant date	Grant date fair value	Expiry date	Exercise price	Vesting date
Unlisted options	1,500,000	1/12/2011	$0.048	29/11/2015	$0.2500	1/12/2011
Unlisted options	4,515,534	10/09/2013	$0.000	9/09/2015	$0.1000	10/09/2013
Unlisted options	33,333	11/09/2013	$0.000	9/09/2015	$0.1000	11/09/2013
Unlisted options	2,750,000	3/09/2013	$0.020	2/09/2015	$0.0875	3/09/2013
Unlisted options	500,000	15/11/2013	$0.008	2/09/2015	$0.0875	15/11/2013
Unlisted options	3,000,000	28/07/2014	$0.003	1/07/2016	$0.1000	28/07/2014
Total	12,298,867					

There are no further service or performance criteria that need to be met in relation to unlisted options granted before the beneficial interest vests in the recipient.

There were no options issued to KMP as part of their remuneration for the year ended 30 June 2015. However, refer to after balance date events.

There were total of 3,250,000 and 4,548,867 options issued to KMP as part of their remuneration for the year ended 30 June 2014 and have subsequently expired on 2 and 9 of September 2015 respectively. No cash consideration was paid by the recipients.

Other Key Management Personnel Transactions

Eduardo Valenzuela

During the year, there were no additional consulting fees were paid to Andes Consulting Pty Ltd, a company of which Eduardo Valenzuela is a director and shareholder (2014: $62,000). Mr Valenzuela resigned on 15 July 2015.

Other than the above, there have been no related party transactions involving any of the Key Management Personnel identified during the year or the previous year.

End of Remuneration Report

DIRECTORS' REPORT (Continued)

15. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company paid a premium of $14,571 to insure Directors and Officers of the Company. The Directors and Officers have indemnities in place with the Company whereby the Company has agreed to indemnify the Directors and Officers in respect of certain liabilities incurred by the Director or Officer while acting as a director of the Company and to insure the Director or Officer against certain risks the Director or Officer is exposed to as an officer of the Company.

16. NON-AUDIT SERVICES

No non-audit services were provided to the consolidated entity in the year ended June 2015.

17. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and immediately follows the Directors' Report.

18. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Lithium Australia support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Lithium Australia is in compliance with those guidelines. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the consolidated entity. The consolidated entity's corporate governance statement and disclosures are contained in the annual report.

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

Adrian Griffin
Managing Director

Perth, Western Australia
30 September 2015

Competent Persons Statement:

The information contained in the report that relates to Exploration Results of projects owned by Lithium Australia NL and is based on information compiled or reviewed by Mr. Adrian Griffin, who is an employee of the Company and is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being 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. Griffin has given consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Lithium Australia NL for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Continuing Operations			
Revenue	2	4,232	5,901
Occupancy costs		(38,500)	(33,250)
Professional fees		(189,735)	(185,485)
Corporate fees		(152,098)	(136,279)
Employee benefits expense		(555,651)	(694,499)
Option expense		(8,692)	(50,004)
Administration costs		(82,930)	(143,728)
Fair value of investments adjustment		(2,478)	(100)
Impairment of exploration right for Piedrecillas Chile		(196,239)	-
Exploration and evaluation costs written off		(195,341)	(1,399,905)
Loss before income tax		(1,417,432)	(2,637,349)
Income tax expense	5	-	-
Loss from continuing operations		(1,417,432)	(2,637,349)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation		(52,833)	(9,431)
Total comprehensive income for the year		**(1,470,265)**	**(2,646,780)**
Loss for the year attributable to:			
Members of the controlling entity		(1,588,505)	(2,547,464)
Non controlling interest		171,073	(89,885)
		(1,417,432)	(2,637,349)
Total comprehensive income attributable to:			
Members of the controlling entity		(1,641,338)	(2,556,896)
Non controlling interest		171,073	(89,884)
		(1,470,265)	(2,646,780)
Basic loss per share (cents per share)	15	1.57	4.18

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Current Assets			
Cash and cash equivalents	6	852,685	334,193
Trade and other receivables	7	91,328	15,667
Other assets	9	9,375	5,512
Total Current Assets		953,388	355,372
Non Current Assets			
Financial assets	8	3,322	5,800
Other assets	10	22,000	196,239
Property, plant and equipment		3,365	486
Total Non Current Assets		28,687	202,525
TOTAL ASSETS		982,075	557,897
Current Liabilities			
Trade and other payables	11	425,535	538,167
Total Current Liabilities		425,535	538,167
TOTAL LIABILITIES		425,535	538,167
NET ASSETS		**556,540**	**19,730**
Equity			
Issued capital	12	10,565,467	8,567,085
Reserves	13	35,583	415,623
Accumulated losses		(10,044,510)	(8,791,905)
Controlling entity interest		556,540	190,803
Non controlling interest		-	(171,073)
TOTAL EQUITY		**556,540**	**19,730**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(779,008)	(858,982)
Payments for exploration and evaluation		(531,165)	(969,437)
Interest received		3,864	5,901
Other - insurance claimed			-
Net cash outflow from operating activities	16	(1,306,309)	(1,822,518)
Cash Flows from Investing Activities			
Purchase of tenement		(10,000)	(350,000)
Purchase of option fee - license		(5,000)	-
Purchase of office equipment		(4,410)	-
Net cash outflow from investing activities		(19,410)	(350,000)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		2,001,841	1,728,259
Payment for capital raising costs		(157,631)	(106,732)
Net cash inflows from financing activities		1,844,210	1,621,527
Net decrease in cash held		518,492	(550,991)
Cash and cash equivalents at the beginning of the year		334,193	885,184
Cash and cash equivalents at the end of the year	6	852,685	334,193

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2015

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non Controlling Interest	Total
	$	$	$	$	$	$
Balance at 1 July 2013	6,727,631	407,090	(32,040)	(6,244,441)	(81,188)	777,052
Exchange differences on translation of foreign subsidiary	-	-	(9,431)	-	-	(9,431)
Loss for the year	-	-	-	(2,547,464)	(89,885)	(2,637,349)
Total comprehensive loss for the year	-	-	(9,431)	(2,547,464)	(89,885)	(2,646,780)
Transaction with owner, directly recorded in equity:						
Issue of shares	1,946,186	-	-	-	-	1,946,186
Capital raising costs	(106,732)	-	-	-	-	(106,732)
Issue of options	-	50,004	-	-	-	50,004
Balance at 30 June 2014	**8,567,085**	**457,094**	**(41,471)**	**(8,791,905)**	**(171,073)**	**19,730**
Balance at 1 July 2014	8,567,085	457,094	(41,471)	(8,791,905)	(171,073)	19,730
Loss for the year	-	-	-	(1,588,505)	171,073	(1,417,432)
Other comprehensive income						
Exchange differences on translation of foreign subsidiary	-	-	(52,833)	-	-	(52,833)
Total comprehensive loss for the year	-	-	(52,833)	(1,588,505)	171,073	(1,470,265)
Transaction with owner, directly recorded in equity:						
Issue of shares	2,156,012	-	-	-	-	2,156,012
Capital raising costs	(157,630)	-	-	-	-	(157,630)
Issue of options	-	8,693	-	-	-	8,693
Options expired	-	(335,900)	-	335,900	-	-
Balance at 30 June 2015	**10,565,467**	**129,887**	**(94,304)**	**(10,044,510)**	**-**	**556,540**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Due to the change of Company's direction and focus, the directors have resolved to a change the company name to Lithium Australia NL (formerly known as Cobre Montana NL) and resolution has been passed by shareholders at the General Meeting held on 15 July 2015. ASIC has issued the Certificate of Registration on Change of Name on the same date the General Meeting was passed. On 4 August 2015, ASX confirmed the new code being LIT.

These consolidated financial statements and notes represent those of Lithium Australia NL and controlled entity (the "consolidated entity"). Lithium Australia NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(a) Principles of consolidation

The consolidated financial statements comprise the finance statements of Lithium Australia NL and its subsidiaries ("the Group"). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Lithium Australia NL has control.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss for the year ended 30 June 2015 of $1,417,432(2014: $2,637,349) and experienced net cash outflows from operating activities of $1,306,309 (2014: $1,822,518). There was a working capital surplus of $527,853 at 30 June 2015 compared to a working deficit of $182,795 at 30 June 2014. In addition the company has exploration commitments of $548,391 which is required to be paid by 30 June 2016.

These conditions indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity and parent company can continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate because:

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) P*inciples of consolidation (continued)*

Going concern (continued)

- Subsequent to the reporting date, the Company has successfully raised $369,495 and $73,615 (before costs) through the $0.01 per share call and the public auction of forfeited partly paid ordinary shares; and
- The Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable;

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

(b) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are expensed in the period they are incurred apart from mineral acquisition costs, which are capitalised and carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(c) Financial Instruments

Financial instruments in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial instruments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The consolidated entity determines the classification of its financial instruments after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments (continued)

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the consolidated entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(v) Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(f) Revenue

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

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

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

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

(g) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

(h) Goods and Services Tax (GST)

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

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Goods and Services Tax (GST) (continued)

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Taxation

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit/loss from ordinary activities adjusted for any non-assessable or disallowed items.

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

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

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

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

(j) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(k) Share Based Payments

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(l) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the consolidated entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Earnings Per Share

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for a bonus element.

Diluted EPS is calculated as net earnings attributable to members, adjusted for costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(n) Critical Accounting Estimates and Judgments

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

Key Estimates - Impairment

The consolidated entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Estimates – Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the consolidated entity as they pertain to current income taxation legislation, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors' understanding thereof. At the current stage of the consolidated entity's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

(o) Fair Value of Assets and Liabilities

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Fair Value of Assets and Liabilities (continued)

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

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

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

Valuation techniques
In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Fair Value of Assets and Liabilities (continued)

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(p) **Comparative Figures**

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

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

Application of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASBs and a new interpretation issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective from an accounting period on or after 1 July 2014.

The application of these amendments and interpretation does not have any material impact on the Group's consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) New Accounting Standards for Application in Future Periods (continued)

Standards and Interpretations in issue not yet adopted (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

Note that the following new Standards and Interpretations are not applicable for the Group but are relevant for the period:

AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards – Part D: 'Consequential Amendments arising from AASB 14' is not applicable to the Group as the Group is not a first-time adopter of Australian Accounting Standards.

AASB 1056 'Superannuation Entities' is not applicable to the Group as the Group is not a superannuation entity.

AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities' is not applicable to the Group as the Group is a for-profit entity.

NOTES TO THE FINANCIAL STATEMENTS

	2015 $	2014 $
2. REVENUE		
- interest received from financial institutions	3,864	5,901
- other revenue	368	-
	4,232	5,901

3. LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

	2015 $	2014 $
Expenses		
Exploration expenditure written off	391,580	1,399,905
Employee equity settled benefits	70,872	90,239
Defined contribution fund payments	-	-

4. AUDITORS' REMUNERATION

Remuneration of the auditor for:

	2015 $	2014 $
- Auditing or reviewing the financial report	28,200	36,700
	28,200	36,700

5. INCOME TAX EXPENSE

	2015 $	2014 $
Current tax	-	-
Deferred tax	-	-
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2014: 30%)	(425,230)	(791,205)
Add/(Less) tax effect of:		
Non-deductible expenses	65,082	426,446
Option expenses	2,608	15,001
Foreign expenditure	-	-
Interest accrual and other proceed	-	-
Deferred tax asset not brought to account	357,540	349,758
Income tax attributable to entity	-	-

No income tax is payable by the consolidated entity. The Directors have considered it prudent not to bring to account the deferred tax asset of income tax losses and exploration deductions until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.

The consolidated entity has deferred tax assets not brought to account and available for offset of deferred tax liabilities amounting to $5,122,443 (2014: $3,976,671), the benefits of which will only be realised if the conditions for deductibility set out in Note1(i) occur.

NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
	$	$

6. CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank (AA rated institutions)	852,485	333,993
Petty cash	200	200
	852,685	334,193

7. TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Other debtors	63,825	1,075
GST receivable	27,503	14,592
	91,328	15,667

8. FINANCIAL ASSETS

	2015 $	2014 $
Held for trading Australian listed shares - Level 1 fair value	3,322	5,800

9. OTHER ASSETS

	2015 $	2014 $
Option fees paid – Lithium process technology licence	5,000	-
Prepayments	4,375	5,512
	9,375	5,512

10. CAPITALISED EXPLORATION EXPENDITURE

	2015 $	2014 $
Opening balance	196,239	-
Acquisition of mining tenements – Piedrecillas Chile	-	196,239
Impairment of exploration right – Piedrecillas Chile	(196,239)	
Options fees paid – Ravensthrope E74/0543	22,000	
Closing balance	22,000	196,239

Due to the change of Company's focus from Piedrecillas copper/silver deposit in Chile to its high grade lithium project and processing technology, the previous recoupment of the deposit for Piedrecillas in Chile has been written off during the year.

On 1 September 2014, the Company has executed the option to purchase with Dempsey Minerals Limited ("Vendor") to purchase the Exploration Licence on E74/0543, located in the Ravensthrope area of Western Australia and technical information under the terms of the Option to Purchase.

On the execution of the option agreement, the Company issued 300,000 ordinary shares to vendor. Additionally, the Company paid the Vendor the sum of $10,000 in consideration of acquiring the Exploration License.

This was deemed to be an acquisition of Exploration License and does not constitute a business combination.

NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
	$	$

11. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Current - unsecured		
Trade creditors	121,748	220,917
Other creditors and accrued expenses	81,075	280,430
Amounts payable to:		
'- Key management personnel related entities	222,712	36,820
	425,535	538,167

Outstanding balance to KMP relates to directors' remuneration is $222,712 (2014: $39,500). $118,462 is to be settled by issuing ordinary shares in the next 12 months and remaining $104,250 is to be settled by cash payment.

12. ISSUED CAPITAL

		2015		2014	
		Number	$	Number	$
(a)	Share Capital Ordinary Shares Fully paid of no par value	129,855,715	10,564,297	80,046,967	8,565,915
(b)	Other equity securities Partly-paid contributing shares	49,628,001	1,170	11,700,000	1,170
	Total contributed equity	179,483,716	10,565,467	91,746,967	8,567,085

(c) Reconciliation of the number of Ordinary Shares

Movements in ordinary share capital of the Company during the past 2 years as follows:	No. of shares	Value $
Opening balance 1 July 2013	43,000,042	6,726,461
Shares issued during the year:		
10 September 2013 (1)	13,546,603	745,063
11 September 2013 (2)	100,000	5,500
26 September 2013 (3)	827,275	45,500
16 October 2013 (4)	159,688	10,765
4 November 2013 (5)	589,400	29,470
3 December 2013 (6)	2,781,818	153,000
23 December 2013 (7)	709,136	39,002
21 January 2014 (8)	200,000	11,000
24 January 2014 (9)	3,635,445	199,949
10 February 2014 (10)	363,000	19,965
27 March 2014 (11)	3,552,846	177,642
31 March 2014 (12)	1,000	50
8 April 2014 (13)	2,090,000	83,600
30 April 2014 (14)	1,637,500	65,500
21 May 2014 (15)	1,071,595	42,864
19 June 2014 (16)	5,781,619	231,265
30 June 2014 (17)	-	86,050
Less: Transaction costs	-	(106,732)
Closing balance 30 June 2014	80,046,967	8,565,915

NOTES TO THE FINANCIAL STATEMENTS

12. ISSUED CAPITAL (continued)

	No. of SHARES	Value $
Shares issued during the year:		
18 July 2014 (18)	3,098,017	37,870
18 July 2014 (19)	106,638	5,503
18 July 2014 (20)	544,719	27,999
18 July 2014 (21)	116,944	5,999
4 September 2014 (22)	500,000	20,000
12 September 2014 (23)	100,000	4,000
27 November 2014 (24)	200,000	8,000
30 December 2014 (25)	22,857,143	800,000
7 January 2015 (26)	1,400,000	61,600
22 January 2015 (27)	2,869,297	70,872
22 January 2015 (28)	1,178,214	41,237
12 March 2015 (29)	85,968	3,562
12 March 2015 (30)	2,413,127	100,000
23 April 2015 (31)	1,204,820	50,000
14 May 2015 (32)	13,105,290	917,370
10 June 2015 (33)	28,571	2,000
Less: Transaction costs	-	(157,630)
Closing balance 30 June 2015	**129,855,715**	**10,564,297**

(1) On 10 September 2013, the Company issued 13,546,603 ordinary shares at $ 0.055 each as a share placement.
(2) On 11 September 2013, the Company issued 100,000 ordinary shares at $ 0.055 each as a share placement.
(3) On 26 September 2013, the Company issued 827,275 ordinary shares at $ 0.055 each under Share Purchase Plan.
(4) On 16 October 2013, the Company issued 159,688 ordinary shares at $ 0.0674 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(5) On 4 November 2013, the Company issued 589,400 ordinary shares at $ 0.055 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(6) On 3 December 2013, the Company issued 2,781,818 ordinary shares at $ 0.055 each as shortfall shares under the Share Purchase Plan.
(7) On 23 December 2013, the Company issued 709,136 ordinary shares at $ 0.055 each as shortfall shares under the Share Purchase Plan.
(8) On 21 January 2014, the Company issued 200,000 ordinary shares at $ 0.055 each as shortfall shares under the Share Purchase Plan.
(9) On 24 January 2014, the Company issued 3,635,445 ordinary shares at $ 0.055 each as a share placement.
(10) On 10 February 2014, the Company issued 363,000 ordinary shares at $ 0.055 each as a share placement.
(11) On 27 March 2014, the Company issued 3,552,846 ordinary shares at deemed issue price of $0.05 each pursuant to the Piedrecillas Stock Purchas Option Agreement.
(12) On 31 March 2014, the Company issued further 1,000 ordinary shares at deemed issue price of $0.05 each pursuant to the Piedrecillas Stock Purchas Option Agreement.
(13) On 8 April 2014, the Company issued 2,090,000 ordinary shares at $ 0.04 each as a share placement.
(14) On 30 April 2014, the Company issued 1,637,500 ordinary shares at $ 0.04 each as a share placement.
(15) On 21 May 2014, the Company issued 1,071,595 ordinary shares at $ 0.04 each as a share placement.
(16) On 19 June 2014, the Company issued 5,781,619 ordinary shares at $0.04 each under the Non-Renounceable Entitlement Offer.

NOTES TO THE FINANCIAL STATEMENTS

12. ISSUED CAPITAL (continued)

(17) As of 30 June 2014, the Company has received $86,050 for the shortfall to Non-Renounceable Entitlement Offer and the shares have not yet been issued.
(18) On 18 July 2014, the Company issued total 3,098,017 ordinary shares at $0.04 each as part of the shortfall to the non-renounceable pro rata Entitlement Offer pursuant to the prospectus dated 5 May 2014. A total amount of $86,050 was received in the 2014 financial year and shares were issued in this period.
(19) On 18 July 2014, the Company issued 106,638 ordinary shares at $ 0.0516 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(20) On 18 July 2014, the Company issued 544,719 ordinary shares at $ 0.0514 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(21) On 18 July 2014, the Company issued 116,944 ordinary shares at $ 0.0513 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(22) On 4 September 2014, the Company issued 500,000 ordinary shares at $0.04 each as a share placement.
(23) On 12 September 2014, the Company issued 100,000 ordinary shares at $0.04 per share to Dempsey Minerals Limited as part of the acquisition fees of Option to Purchase the Exploration Licence E74/0543.
(24) On 27 November 2014, the Company issued 200,000 ordinary shares at $0.04 per share to Dempsey Minerals Limited as part of the acquisition fees of Option to Purchase the Exploration Licence E74/0543.
(25) On 30 December 2014, the Company issued 22,857,143 ordinary shares at $ 0.035 each as a share placement to sophisticated investors.
(26) On 7 January 2015, the Company issued 1,400,000 ordinary shares at $0.044 each in lieu of services provided.
(27) On 22 January 2015, the Company issued 2,869,297 ordinary shares at $ 0.0247 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(28) On 22 January 2015, the Company issued 1,178,214 ordinary shares at $0.035 each in lieu of services provided.
(29) On 12 March 2015, the Company issued 85,968 ordinary shares at $0.04144 each in lieu of services provided.
(30) On 12 March 2015, the Company issued 2,413,127 ordinary shares at $0.04144 each as a share placement.
(31) On 23 April 2015, the Company issued 1,204,820 ordinary shares at $0.0415 each as a share placement.
(32) On 14 May 2015, the Company issued 13,105,290 ordinary shares at $0.07 each as a share placement.
(33) On 10 June 2015, the Company issued 28,571 ordinary shares at $0.07 each as a share placement.

Reconciliation of the number of contributing shares - partly paid

Movements in partly paid contributing shares of the Company during the period as follows:

	No. of shares	Value $
Opening balance 1 July 2014	11,700,000	1,170
24 July 2014 (i)	35,034,453	-
28 July 2014 (ii)	2,399,548	-
4 September 2014 (iii)	494,000	-
Closing balance 30 June 2015	**49,628,001**	**1,170**

Outstanding amount per partly paid ordinary shares at 30 June 2015 is $0.0964 (2014: $0.2499).

NOTES TO THE FINANCIAL STATEMENTS

12. ISSUED CAPITAL (continued)

The partly paid ordinary shares are issued with 49,628,001 outstanding calls of 9.64 cents each. The dates for the future calls are not before 30 June 2015. The partly paid shares carry a right to a dividend on the same basis as holders of Ordinary Shares. Partly paid shares carry the right to vote in proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). The Company has the power to forfeit any shares where the call remains unpaid 14 days after the call was payable. The Company must then offer the shares forfeited for public auction within six weeks of the call becoming payable.

(i) On 24 July 2014, the Company issued 35,034,453 Partly Paid Shares at $0.05 each as part of the non-renounceable bonus offer of Partly Paid Shares, with a deemed paid up contribution of $0.001.

(ii) On 28 July 2014, the Company issued 2,399,548 Partly Paid Shares at $0.05 each as part of the non-renounceable bonus offer of Partly Paid Shares, with a deemed paid up contribution of $0.001.

(iii) On 4 September 2014, the Company issued 494,000 Partly Paid Shares at $0.05 each as part of the non-renounceable bonus offer of Partly Paid Shares, with a deemed paid up contribution of $0.001.

(d) Capital Management

Management controls the capital of the consolidated entity in order to ensure that the consolidated entity can fund its operations and continue as a going concern. Management of capital for an exploration consolidated entity will assist in providing the shareholders with adequate returns. The consolidated entity's capital includes ordinary share capital. There are no externally imposed capital requirements.

	2015	2014
	$	$
Cash and cash equivalents	852,685	334,193
Trade and other receivables	91,328	15,667
Held for trading financial assets	3,322	5,800
Trade and other payables	(425,535)	(538,167)
	521,800	(182,507)

13. RESERVES

	2015	2014
	$	$
Option reserve	129,887	457,094
Foreign currency translation reserve	(94,304)	(41,471)
	35,583	415,623

Option Reserve

Balance at the beginning of the financial period	457,094	407,090
Transfer expired listed options to issued capital	-	-
Options expired	(335,900)	
Unlisted options issued	8,693	50,004
Balance at the end of the financial year	129,887	457,094

NOTES TO THE FINANCIAL STATEMENTS

13. RESERVES (continued)

2015	Number of securities	Exercise price	$
Balance at beginning of year	11,648,867	-	457,094
Options expired	(2,350,000)	-	(335,900)
Options issued	3,000,000	$ 0.10	8,693
Balance at the end of the financial year	12,298,867		129,887

The option reserve records funds received for options issued and items recognised as expenses on valuation of share options issued.

	2015	2014
Foreign exchange translation reserve	**$**	**$**
Balance at the beginning of the financial period	(41,471)	(32,040)
Exchange differences arising on translating foreign subsidiary	(52,833)	(9,431)
Balance at the end of the financial year	(94,304)	(41,471)

14. *FINANCIAL INSTRUMENTS*

a. Financial Risk Management Policies

The consolidated entity's financial instruments consist solely of deposits with banks. No financial derivatives are held.

(i) Financial Risk Exposures and Management

The main risk the consolidated entity is exposed to through its financial instruments is interest rate risk.

Interest rate risk

Interest rate risk is managed by obtaining the best commercial deposit interest rates available in the market by the major Australian Financial Institutions.

Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the consolidated entity.

Liquidity Risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows. The consolidated entity does not have any significant liquidity risk as the consolidated entity does not have any collateral debts.

(ii) Fair Values

The fair values of financial assets and financial liabilities are presented below and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(iii) Sensitivity Analysis

Interest Rate Risk

The consolidated entity has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on loss as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

NOTES TO THE FINANCIAL STATEMENTS

14. FINANCIAL INSTRUMENTS (continued)

	2015	2014
	$	$
Change in loss		
- Increase in interest rate by 100 basis points	8,525	3,042
- Decrease in interest rate by 100 basis points	(8,525)	(3,042)
Change in equity		
- Increase in interest rate by 100 basis points	8,525	3,042
- Decrease in interest rate by 100 basis points	(8,525)	(3,042)

	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	Total 2015
	$	$	$	$
2015				
Financial assets				
Cash and cash equivalents	852,495	-	190	852,685
Held for trading financial assets			3,322	3,322
Trade and other receivables			91,328	91,328
Total financial assets	852,495	-	94,840	947,335
Financial liabilities				
Trade and other payables (i)			425,535	425,535
Total financial liabilities	-	-	425,535	425,535

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurement. All financial instruments held are level 1.

Interest rate 2% per annum

(i) The trade and other payables are due within 12 months.

	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	Total 2013
	$	$	$	$
2014				
Financial assets				
Cash and cash equivalents	304,246	-	29,947	334,193
Held for trading financial assets			5,800	5,800
Trade and other receivables			15,667	15,667
Total financial assets	304,246	-	51,414	355,660
Financial liabilities				
Trade and other payables (i)			538,167	538,167
Total financial liabilities	-	-	538,167	538,167

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurement. All financial instruments held are level 1.

Interest rate 2% per annum

(i) The trade and other payables are due within 12 months.

NOTES TO THE FINANCIAL STATEMENTS

15. LOSS PER SHARE

		2015 $	2014 $
(a)	Loss used in the calculation of basic EPS	(1,588,505)	(2,547,464)
		Number of shares	*Number of shares*
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share:	100,960,730	60,896,798

16. CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with loss after income tax	2015 $	2014 $
- Loss used after income tax	(1,417,432)	(2,637,349)
Non-cash flows in loss for the year		
- Depreciation	1,532	324
- Share option expense	8,692	50,004
- Fair value adjustment to investments	2,478	100
- Director fees sacrifice share plan	148,864	40,235
- Creditors' stock redemption	142,172	-
- Decrease/(increase) in receivables & prepayments	(61,613)	1,861
- Impairment of exploration right - Piedrecillas Chile	196,239	
- Decrease/(increase) in exploration	-	322,023
- Increase/(decrease) in trade and other creditors, accruals and employee entitlements	(327,241)	400,284
Net cash outflows from Operating Activities	**(1,306,309)**	**(1,822,518)**

17. OPERATING SEGMENTS

(i) Segment performance

For management purposes the consolidated entity has one segment which is exploration activities relating to minerals.

30 June 2015

	Exploration $	Total $
Revenue		
Expenses	(391,580)	(391,580)
Total segment loss	**391,580**	**391,580**

Reconciliation of segment result to consolidated entity net loss		
(i) Unallocated items		
-	Interest revenue	4,232
-	Other income	-
-	Option expense	(8,692)
-	Impairment assets	-
-	Share of losses from associated companies	-
-	Fair value of investment adjustment	(2,478)
-	Occupancy	(38,500)
-	Professional	(189,735)
-	Compliance & Regulatory	(152,098)
-	Personnel	(555,651)
-	Administration	(82,930)
Net loss from continuing operations		**(1,417,432)**

NOTES TO THE FINANCIAL STATEMENTS

17. OPERATING SEGMENTS (continued)

(i) Segment performance (continued)

30 June 2014

	Exploration $	Total $
Revenue		
Expenses	(1,399,905)	(1,399,905)
Total segment loss	**1,399,905**	**1,399,905**

Reconciliation of segment result to consolidated entity net loss	
(i) Unallocated items	
- Interest revenue	5,901
- Other income	-
- Option expense	(50,004)
- Impairment assets	-
- Share of losses from associated companies	-
- Fair value of investment adjustment	(100)
- Occupancy	(33,250)
- Professional	(185,485)
- Compliance & Regulatory	(136,279)
- Personnel	(694,499)
- Administration	(143,728)
Net loss from continuing operations	**(2,637,349)**

(ii) Segment assets

30 June 2015

	Exploration $	Total $
Segment Assets	22,000	22,000
Unallocated assets		
- Cash and cash equivalents		852,685
- Trade and other receivables		91,328
- Other		16,062
Total company assets		**982,075**

30 June 2014

	Exploration $	Total $
Segment Assets	196,239	196,239
Unallocated assets		
- Cash and cash equivalents		334,193
- Trade and other receivables		15,667
- Other		11,798
Total company assets		**557,897**

(iii) Segment liabilities

30 June 2015

	Exploration $	Total $
Unallocated liabilities		
- Trade and other payables		425,535
Total company liabilities		**425,535**

30 June 2014

	Exploration $	Total $
Unallocated liabilities		
- Trade and other payables		538,167
Total company liabilities		**538,167**

NOTES TO THE FINANCIAL STATEMENTS

18. EVENTS SUBSEQUENT TO REPORTING DATE

On 7 July 2015, the Company paid $100,000 and exercised its exclusive lithium technology option with Perth's Strategic Metallurgy Pty Ltd 15 months early. This option allows the Company to use the technology globally to recover lithium from mica group minerals for the next 25 years. One licence covers WA exclusively and one licece has been assigned to the Cinovec. One licence remains unassigned.

On 8 July 2015, the Company issued 2,096,051 shares under the Director & Senior Management Fee & Remuneration Sacrifice Share Plan.

On 15 July 2015, the Company changed its name from Cobre Montana NL to Lithium Australia NL.

On 15 July 2015, the Company issued 8,100,000 Performance Rights and 16,000,000 Performance Option Rights to the Company's Directors on the terms and conditions as approved by shareholders.

On 22 July 2015, 3 million partly paid shares were issued to RM Capital for services rendered.

On 1 September 2015, the Company completed the program in relation to the one cent call on partly paid shares. As a result, the Company now has 36,668,001 partly paid shares, paid to $0.011 and unpaid to $0.039. The ASX ticker for this series is "LITCB". As part of this program, the Company issued 1,260,000 fully paid ordinary shares after some shareholders chose to fully pay up on partly paid shares.
On 2 September 2015, 3,250,000 options with an exercise price of $0.0875 expired unexercised. Total funds raised were $369,495 and $73,615 respectively.

On 9 September 2015, 4,548,867 options with an exercise price of $0.10 expired unexercised.

No matters or circumstances have arisen since the end of the financial year which significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

19. RELATED PARTY TRANSACTIONS

Eduardo Valenzuela, who resigned on 15 July 2015, Ex-Chairman of LIT, had an interest in the Chilean company which presently holds an indirect interest of 20% of the Piedrecillas project. The option agreement is with individual shareholders of the project's holding company and as such LIT is dealing with those shareholders as individuals.

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. There were no other related party transactions other than transactions disclosed in Note 20.

20. KEY MANAGEMENT PERSONNEL COMPENSATION

a. **Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:**

Key Management Person	Position
Bryan Dixon	Non-executive Director
Adrian Griffin	Managing Director
George Bauk	Non-executive Chairman (appointed 15 July 2015)
Eduardo Valenzuela	Non-executive Chairman (resigned 15 July 2015)
Amanda Wilton-Heald	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report. The totals of remuneration paid to Key Management Personnel of the consolidated entity during the year is as follows:

	2015 $	2014 $
Short-term benefits	272,191	235,797
Post-employment benefits	-	1,843
Share based payments	70,872	90,240
	343,063	**327,880**

NOTES TO THE FINANCIAL STATEMENTS

21. EXPENDITURE COMMITMENTS

(i) Exploration expenditure obligations

There are no minimum exploration expenditure requirements in order to maintain the current rights of tenure to mining tenements in South Africa.

The Company has certain obligations with respect to tenements and minimum expenditure requirements in Australia, as follows:

	2015 $	2014 $
Within 1 year	548,391	-
1 to 2 years	548,391	-
Total	1,096,782	-

22. SHARE BASED PAYMENTS

There were shares issued to the directors of the consolidated entity for the director fees in respect to the salary sacrifice arrangement. For details refer to the Remuneration Report section of the Directors Report.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	Number	Weighted average exercise price
Options outstanding as at 30 June 2013	**5,650,000**	**$0.26**
Granted	7,798,867	$0.29
Expired	(1,800,000)	$0.29
Options outstanding as at 30 June 2014	**11,648,867**	**$0.15**
Granted	3,000,000	$0.10
Expired	(2,350,000)	$0.25
Exercised	-	-
Forfeited	-	-
Options outstanding as at 30 June 2015	**12,298,867**	**$0.11**
Options exercisable as at 30 June 2015	12,298,867	$0.11
Options exercisable as at 30 June 2014	11,648,867	$0.15

The weighted average remaining contractual life of options outstanding at year end was 0.42 years (2014: 1.02 years). The weighted average exercise price of outstanding options at reporting date was $0.11 (2014: $0.15).

23. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets outstanding at the end of the year.

There are no contingent liabilities outstanding at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

24. CONTROLLED ENTITY

Lithium Australia Nl is the ultimate parent entity of the consolidated group.

The following was a controlled entity at the balance date and has been included in the consolidated financial statements. All shares held are ordinary shares.

Name	Country of Incorporation	Percentage Interest Held % 2015	Date Acquired/ Incorporated	Date of Deregistered/ Deconsolidated
Subsidiaries of Lithium Australia NL				
Capricorn Iron Limited (i)	Guernsey	100%	22 March 2013	31 March 2015
Capricorn Iron (Pty) Ltd (i)	South Africa	0%	22 March 2013	1 January 2015
Greater African Resources (iii)	Mauritius	100%	26 January 2012	-
Tyler Ray (Pty) Ltd (iv)	South Africa	74%	26 January 2012	-
Midwinter Chile SpA (v)	Chile	100%	25 September 2013	-

(i) As of 31 March 2015, Capricorn Iron Limited has lodged relevant documentation with Guernsey Authority to deregister the company. As of the date of this Annual Report, Capricorn Iron Limited is in the final process of finalising the deregistration paperwork.

(ii) As of 1 January 2015, Capricorn Iron Limited has transferred its 70% interest to the existing shareholders and Capricorn Iron (Pty) Ltd is no longer the subsidiary of Capricorn Iron Limited. Loss on disposal of subsidiary was deemed immaterial.

(iii) On 26 January 2012, the Company registered Greater African Resources, a company incorporated in Mauritius. Greater African Resources had no assets or liabilities at the date of acquisition and at 30 June 2015.

(iv) Greater African Resources owns 74% of issued ordinary shares of Tyler Ray (Pty) Ltd.

(v) Midwinter Chile SpA, a company incorporated in Chile to hold the 55% shares in Piedrecillas Company. Midwinter Chile SpA held 55% investment in Piedrecillas Company in asset and no liabilities at the date of incorporation and at 30 June 2015. Please note at the date of the Annual Report, the Company is the process of disposing its 55% interest in Piedrecillas Company.

NOTES TO THE FINANCIAL STATEMENTS

25. *PARENT ENTITY DISCLOSURES*

	Parent 2015	Parent 2014
Assets		
Current assets	925,296	311,033
Non current assets	28,688	202,527
Total Assets	**953,984**	**513,560**
Liabilities		
Current liabilities	398,032	523,576
Total Liabilities	**398,032**	**523,576**
Net Assets	**555,952**	**(10,016)**
Equity		
Issued Capital	10,565,467	8,567,086
Reserves	129,885	457,094
Accumulated losses	(10,139,400)	(9,034,197)
Total Equity	**555,952**	**(10,016)**

	Parent 2015	Parent 2014
Income/(Loss) for the period	(1,377,836)	(2,589,492)
Other comprehensive income	-	-
Total comprehensive income for the financial year	**(1,377,836)**	**(2,589,492)**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Lithium Australia NL, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 19 to 43, are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Directors

Adrian Griffin
Managing Director

Perth, 30 September 2015

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Lithium Australia NL

We have audited the accompanying financial report of Lithium Australia NL ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements the *Corporations Act 2001*.

Opinion

In our opinion:

a. The financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of $1,417,432. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Lithium Australia NL for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2015

ADDITIONAL SHAREHOLDER INFORMATION AS REQUIRED BY LISTING RULE 4.10

1. The Company's Corporate Governance Statement is outlined below and can be found at www.lithium-au.com/corporate-governance/

2. *Shareholding*
   (a) The name of the substantial shareholder in the Company, and the number of equity securities to which each substantial shareholder has a relevant interest as disclosed in substantial holding notice given to the Company is listed below.

Shareholder	` Number of shares	%
Mr Dennis Bell	4,504,048	5.329%

   (b) The number of holders of each class of equity security is outlined below as well as a distribution schedule of the number of holders of each class of equity security is outlined below.

Distribution of equity securities	**Fully Paid Ordinary Shares**	**Partly Paid Ordinary Shares**
1-1,000	18	0
1,001 - 5,000	10	3
5,001 – 10,000	142	8
10,001 - 100,000	435	65
100,001 and over	214	77
TOTALS	**819**	**153**

(c) The voting rights of each class of equity security

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Partly-paid ordinary shares
In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has a pro rata vote for every equivalent fully paid ordinary share held.

(d) The number of holders holding less than a marketable parcel of the Company's fully paid ordinary shares is 107 shareholders as at 17 September 2015 at the closing market price of 6.1 cents per share.

ADDITIONAL SHAREHOLDER INFORMATION AS REQUIRED BY LISTING RULE 4.10 (CONTINUED)

(e) The names of the 20 largest holders of each class of quoted security

The names of the twenty largest fully paid ordinary (LIT) shareholders as at 17 September 2015 are as follows:

Fully Paid Ordinary Shares		Number Held	% Held
1.	Mr Dennis Bell	9,503,127	7.114
2.	HSBC Custody Nominees (Australia) Limited	5,260,769	3.938
3.	Horn Resources Pty Ltd	5,009,821	3.750
4.	Alan Jenks	3,750,000	2.807
5.	Davsms Investments Pty Ltd <D & A Koutsantonis S/F A/C>	3,654,820	2.736
6.	Wilgus Investments Pty Ltd	3,543,750	2.653
7.	Mr Adrian Christopher Griffin	3,516,355	2.632
8.	Apollinax Inc	3,275,000	2.452
9.	Citicorp Nominees Pty Limited	2,599,893	1.946
10.	Flourish Super Pty Ltd	1,748,000	1.309
11.	HSBC Custody Nominees (Australia) Limited	1,600,000	1.198
12.	Mr Martin J Pyle <M Pyle Super Fund A/C>	1,537,107	1.151
13.	Mr Adrian Christopher Griffin	1,489,641	1.115
14.	Mr Robert Peter Vanderlaan	1,420,000	1.063
15.	Avon Valley Exploration Pty Ltd	1,150,000	0.861
16.	Mr Adrian Christopher Griffin	1,094,719	0.819
17.	Steda Nominees Pty Ltd	1,073,257	0.803
18.	MR PRI Nesveda	1,065,811	0.798
19.	Allaction Pty Ltd <Allaction Pty Ltd S/F A/C>	1,061,705	0.795
20.	Mr Patrick Bernard McManus & Mrs Vivienne Edwina McManus <McManus Super Fund A/C>	1,043,453	0.781
		54,397,228	**40.721**

The names of the twenty largest partly paid ordinary (LITCB) shareholders as at 17 September 2015 are as follows:

Partly Paid Ordinary Shares		Number Held	% Held
1.	Mr Dennis Bell	3,390,386	9.246
2.	Wilgus Investments Pty Ltd	1,771,875	4.832
3.	Horn Resources Pty Ltd	1,700,000	4.636
4.	Apollinax Inc	1,562,500	4.261
5.	Warwick Sauer	1,300,000	3.545
6.	M&K Korkidas Pty Ltd	1,201,362	3.276
7.	BT Portfolio Services Limited<Dr Trevor Sauer App A/C>	1,000,000	2.727
8.	BT Portfolio Services Limited<Mrs Meredyth Sauer App A/C>	1,000,000	2.727
9.	Mr Robert Peter Vanderlaan	895,031	2.441
10.	Mr Vua Quang Minh Dang & Mrs Thi Kim Dau Nguyen <Rising Super Fund A/C>	776,779	2.118
11.	Mr Adrian Christopher Griffin	744,821	2.031
12.	Mr Patrick Bernard McManus & Mrs Vivienne Edwina McManus <McManus Super Fund A/C>	707,352	1.929
13.	Fehu Capital Pty Ltd	625,000	1.704
14.	Buzz Monty Pty Ltd <Buss Monty Super Fund A/C>	625,000	1.704
15.	Fehu Capital Pty Ltd	625,000	1.648
16.	Allaction Pty Ltd <Allaction Pty Ltd S/F A/C>	599,603	1.635
17.	Avon Valley Exploration Pty Ltd	575,000	1.568
16.	Adrian Griffin	547,360	1.493
17.	Avon Valley Exploration Pty Ltd	575,000	1.516
18.	Adrian Griffin	547,360	1.443
19.	Steda Nominees Pty Ltd <Steda Super Fund A/C>	516,716	1.409
20.	Warrior Strategic Pty Ltd	508,472	1.387
		20,672,257	**56.377**

ADDITIONAL SHAREHOLDER INFORMATION AS REQUIRED BY LISTING RULE 4.10 (CONTINUED)

3. The name of the Company's secretary is Mr Barry Woodhouse.

4. The address of the Company's registered office (and its principal administrative office) is Suite 3, 23 Belgravia Street Belmont WA 6104 and its telephone number is (08) 6145 0288.

5. The address of the office at which its register of its securities is kept is Advanced Share Registry, 150 Stirling Highway Nedlands WA 6009 and its telephone number is (08) 9322 6451.

6. To the best of its knowledge, the Company's securities are not quoted on any other recognisable stock exchange.

7. The number and class of restricted securities is nil. The number and class of securities subject to voluntary escrow is nil.

8. For each class of unquoted securities, the number of equity securities that are on issue and the number of holders. In addition, if a person holds 20% or more of the equity securities in an unquoted class, the name of the holder and the number of the equity securities held, unless the equity securities were issued or acquired under an employee incentive scheme+. These details are outlined below.

Details of unquoted securities are as follows:

25cents ordinary partly paid shares paid to $0.001	14,700,000
Options exercisable at $0.25 on or before 29 November 2015	1,500,000
Holders of more than 20% of this class	1+
Options exercisable at $0.10 on or before 1 July 2016	3,000,000
Holders of more than 20% of this class	1+
Performance Option Rights expiring on or before 1 July 2019	16,000,000
Holders of more than 20% of this class	3+
Performance Rights expiring on or before 1 July 2019	8,100,000
Holders of more than 20% of this class	3+

9. A review of operations and activities for the reporting period that complies with sections 299 and 299A are outlined in the Directors' Report.

10. There is no current on-market buy-back.

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. Where the Company does not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

The Board of Directors of Lithium Australia NL is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Lithium Australia NL on behalf of the shareholders by whom they are elected and to whom they are accountable. Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations. For further information on corporate governance policies adopted by Lithium Australia NL, refer to our website: www.lithium-au.com . Date of last review and Board approval: 30 September 2015.

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight			
Recommendation 1.1			
A listed entity should disclose: a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	Yes	Board Charter, Independent Professional Advice Policy Website	The Company has established the functions reserved to the Board, and those delegated to senior executives and the Company Secretary and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance, overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the entity's securities and monitoring the effectiveness of the Company's governance practices. Senior executives are responsible for supporting Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight (continued)			
Recommendation 1.1 (continued)			
			Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate. To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.
Recommendation 1.2			
A listed entity should: a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re- elect a director.	Yes, however the full information of new Directors for election was not included in all notices of meeting but will be included in future notices of meeting	Director Selection Procedure Website	In determining candidates for the Board, the Nomination Committee follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting. The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting and re-appointment of directors is not automatic.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight (continued)			
Recommendation 1.3			
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Kept at registered office, Independent Professional Advice Policy	Each non-executive director has a written agreement with the Company that covers all aspects of their appointment including term, time commitment required, remuneration, disclosure of interests that may affect independence, guidance on complying with the Company's corporate governance policies and the right to seek independent advice, indemnity and insurance arrangements, rights of access to the Company's information and ongoing confidentiality obligations as well as roles on the Company's committees. Each executive director's agreement with the Company includes the same details as the non-executive directors' agreements but also includes a position description, reporting hierarchy and termination clauses. To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.
Recommendation 1.4			
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	Board Charter Website	The Company has established the functions reserved to the Board, and those delegated to senior executives and the Company Secretary and has set out these functions in its Board Charter.
Recommendation 1.5			
A listed entity should: a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Yes	Diversity Policy Website	Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight (continued)			
Recommendation 1.5 (continued)			
b) disclose that policy or a summary of it; and c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: 1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes	Diversity Policy Website	The Company's Diversity Strategy details the Company's measurable objectives for achieving gender diversity in accordance with the Diversity Policy. In doing this, and assigning the responsibility for the Diversity Policy and its administration, monitoring and review, the Company has achieved its structural and procedural measurable objectives set for 2014/15. The Diversity Strategy includes a number of concepts including contribution to enhance local workforce and provision of opportunities for career development. Initiation of programs and schemes to achieve these goals were achieved during the Reporting Period. The Board has also adopted a policy to address harassment and discrimination in the Company, which it believes will facilitate an environment that encourages a diverse workforce. The Company set the following objectives for the employment of women: • to the Board – no target set • to senior management (including CFO and Company Secretary) – 20% by 2016 • to the organisation as a whole – 20% by 2016 As at the date of this report, the Company has the following proportion of women appointed: • to the Board – 0% • to senior management (including CFO and Company Secretary) –40% until 21 August 2015; and from that date to the date of this report - 0%. • to the organisation as a whole – 30% The Company recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight (continued)			
Recommendation 1.6			
A listed entity should: a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	Board, Committee & Individuals Performance Evaluation Policy Website	**Board, its committees, the chair and individual directors** The Chair is responsible for evaluating the performance of the Board and, when deemed appropriate, Board committees and individual directors. A Non-Executive Director is responsible for evaluating the Chair. The Board is responsible for evaluating the Managing Director. The evaluations of the Board, and any applicable Board committees and individual directors are undertaken via informal discussions on an ongoing basis with the Chair. The evaluation of the Managing Director is undertaken via an informal interview process which occurs annually or more frequently, at the Board's discretion. During the reporting period an evaluation of the Board, its committees, the chair and individual directors took place in accordance with the process disclosed above. The Board was judged to have failed in its Chilean strategy and a new Board convened to progress its Lithium strategy. This change manifested when Mr George Bauk was appointed as Chairman on the same day that the Company's name changed to Lithium Australia NL.
Recommendation 1.7			
A listed entity should: a) have and disclose a process for periodically evaluating the performance of its senior executives; and a) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	Board, Committee & Individuals Performance Evaluation Policy Website	**Senior executives** The Managing Director is responsible for evaluating the performance of senior executives. The evaluation of senior executives is undertaken via an informal interview process which occurs annually or more frequently as required and otherwise takes place as part of the annual salary review under the senior executives' employment contract. During the reporting period an evaluation of senior executives took place in accordance with the process disclosed above. The senior executives were judged to have failed in executing the Company's Chilean strategy and a new executive was appointed to progress its Lithium strategy.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 2: Structure the board to add value (continued)			
Recommendation 2.1			
The board of a listed entity should: a) have a nomination committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 1) the charter of the committee; 2) the members of the committee; and 3) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	Nomination Committee Charter, Independent Professional Advice Policy Website	The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are discussed at a separate meeting when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. The Board as a whole met as the Nomination Committee once during the year and all Board members were in attendance. To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 2: Structure the board to add value (continued)			
Recommendation 2.2			
A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	Website	The Company has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skills shortages. The Company is working towards filling these gaps through professional development initiatives as well as seeking to identify suitable Board candidates for positions from a diverse pool.
Recommendation 2.3			
A listed entity should disclose: a) the names of the directors considered by the board to be independent directors; b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and the length of service of each director.	Yes	Board Charter, Independence of Directors Assessment Website	The independent Directors of the Company are George Bauk (appointment 15 July 2015) and Bryan Dixon (appointment 7 December 2009). Both George Bauk and Bryan Dixon are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter, for assessing the materiality of matters: • Balance sheet items are material if they have a value of more than 10% of pro-forma net asset. • Profit and loss items are material if they will have an impact on the current year operating result of 10% or more. • Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company’s rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%. •

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 2: Structure the board to add value (continued)			
Recommendation 2.3 (continued)			
			• Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests. The non-independent director of the Company is Adrian Griffin (appointment 31 January 2011), who is Managing Director and is deemed not to be independent.
Recommendation 2.4			
A majority of the board of a listed entity should be independent directors.	Yes	Independence of Directors Assessment Website	The Board has a majority of Directors who are independent.
Recommendation 2.5			
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	Independence of Directors Assessment Website	The Chairperson is an independent Director who is not the CEO / Managing Director.
Recommendation 2.6			
A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	Director Induction Program, Ongoing Education Framework Website	It is the policy of the Company that each new Director undergoes an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include: • details of the roles and responsibilities of a Director; • formal policies on Director appointment as well as conduct and contribution expectations;

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 2: Structure the board to add value (continued)			
Recommendation 2.6 (continued)			
			• a copy of the Corporate Governance Statement, Charters, Policies and Memos and • a copy of the Constitution of the Company. In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. The Board has implemented an Ongoing Education Framework.
Principle 3: Act ethically and responsibly			
Recommendation 3.1			
A listed entity should: a) have a code of conduct for its directors, senior executives and employees; and b) disclose that code or a summary of it.	Yes	Code of Conduct Website	The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
Principle 4: Safeguard integrity in corporate reporting			
Recommendation 4.1			
The board of a listed entity should: (a) have an audit committee which: a) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 1) is chaired by an independent director, who is not the chair of the board, and disclose: 2) the charter of the committee; 3) the relevant qualifications and 4)	No	Audit Committee Charter Website	The Board has not established a separate Audit Committee, and therefore it is not structured in accordance with Recommendation 4.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are discussed at a separate meeting when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 4: Safeguard integrity in corporate reporting			
Recommendation 4.1			
4) experience of the members of the committee; and 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.			The Board as a whole met as the Audit Committee twice during the year and all Board members were in attendance. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee. All of the Directors consider themselves to be financially literate and possess relevant industry experience. The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Recommendation 4.2			
The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	Kept at registered office	The Managing Director and the Chief Financial Officer provide a declaration to the Board in accordance with section 295A of the Corporations Act for each financial report and assure the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
Recommendation 4.3			
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	AGM	The external auditor is invited to attend every AGM for the purpose of answering questions from security holders relevant to the audit.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 5: Make timely and balanced disclosure			
Recommendation 5.1			
A listed entity should: a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it.	Yes	Continuous Disclosure Policy Website	The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance. The Company has appointed a Responsible Officer who is responsible for ensuring the procedures are complied with. The Responsible Officer is Adrian Griffin, and in that person's absence, George Bauk.
Principle 6: Respect the rights of security holders			
Recommendation 6.1			
A listed entity should provide information about itself and its governance to investors via its website.	Yes	Website Disclosure Policy Website	The Company's website includes the following: • Corporate Governance policies, procedures, charters, programs, assessments, codes and frameworks • Names and biographical details of each of its directors and senior executives • Constitution • Copies of annual, half yearly and quarterly reports • ASX announcements • Copies of notices of meetings of security holders • Media releases • Overview of the Company's current business, structure and history • Details of upcoming meetings of security holders • Summary of the terms of the securities on issue • Historical market price information of the securities on issue • Contact details for the share registry and media enquiries Share registry key security holder forms

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 6: Respect the rights of security holders (continued)			
Recommendation 6.2			
A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	Shareholder Communication Policy, Social Media Policy Website	The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at shareholder meetings.
Recommendation 6.3			
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholder Communication Policy Website	The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at shareholder meetings.
Recommendation 6.4			
A listed entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.	Yes	Shareholder Communication Policy Website	Shareholders are regularly given the opportunity to receive communications electronically.
Principle 7: Recognise and manage risk			
Recommendation 7.1			
The board of a listed entity should: a) have a committee or committees to oversee risk, each of which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and	No	Risk Management Policy Website	The Board has not established a separate Risk Committee, and therefore it is not structured in accordance with Recommendation 7.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. Accordingly, the Board performs the role of Risk Committee. Items that are usually required to be discussed by a Risk Committee are discussed at a separate meeting when required. When the Board convenes as the Risk Committee it carries out those functions which are delegated to it in the Company's Risk Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Risk Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 7: Recognise and manage risk (continued)			
Recommendation 7.1 (continued)			
5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.			The Board as a whole did not meet as the Risk Committee during the year. Risk identification and risk management discussions occurred at several Board meetings throughout the year. To assist the Board to fulfil its function as the Risk Committee, the Company has adopted a Risk Management Policy.
Recommendation 7.2			
The board or a committee of the board should: a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	Risk Management Policy Website	The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board. In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 7: Recognise and manage risk (continued)			
Recommendation 7.2 (continued)			
			In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks: • the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval; • the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and • the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices. During the year, management regularly reported to the Board on the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks: operational, financial reporting, sovereignty and market-related risks. The insights gained from this review comprise.
Recommendation 7.3			
A listed entity should disclose: a) if it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	Audit Committee Charter Website	The Board performs the role of Audit Committee. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter which include reviewing the Company's internal financial control system. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function, the expense of an independent internal auditor is not considered to be appropriate.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 7: Recognise and manage risk (continued)			
Recommendation 7.4			
A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	Corporate Governance Statement	The Company has considered its economic, environmental and social sustainability risks by way of internal review and has concluded that it is not subject to material economic, environmental and social sustainability risks.
Principle 8: Remunerate fairly and responsibly			
Recommendation 8.1			
The board of a listed entity should: a) have a remuneration committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	Remuneration Committee Charter, Independent Professional Advice Policy Website	The Board has not established a separate Remuneration Committee, and therefore it is not structured in accordance with Recommendation 8.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are discussed at a separate meeting when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions. The Board as a whole met as the Remuneration Committee once during the year and all Board members were in attendance. To assist the Board to fulfil its function as the Remuneration Committee, the Company has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee. To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

CORPORATE GOVERNANCE (continued)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 8: Remunerate fairly and responsibly (continued)			
Recommendation 8.2			
A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	Remuneration Policy Website	Details of remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms of part of the Annual Report. The remuneration of non-executive directors is set by reference to payments made by other companies of similar size and industry, and by reference to the director's skills and experience. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. The Remuneration Policy is subject to annual review. All of the directors' option holdings are fully disclosed. Executive pay and rewards consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.
Recommendation 8.3			
A listed entity which has an equity-based remuneration scheme should: a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it.	Yes	Remuneration Policy Website	Executives and Non-Executive Directors are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

SCHEDULE OF MINERAL TENEMENTS

Western Australia Tenements

P15/4953	COOLGARDIE	GRANTED	30/09/2008
P15/5519	COOLGARDIE	GRANTED	3/02/2011
P15/5574 S	COOLGARDIE	GRANTED	10/08/2011
P15/5575 S	COOLGARDIE	GRANTED	10/08/2011
P15/5625	COOLGARDIE	GRANTED	9/08/2013
P15/5626	COOLGARDIE	GRANTED	14/12/2011
P15/5629	COOLGARDIE	GRANTED	9/08/2013
P15/5739	COOLGARDIE	GRANTED	17/01/2013
P15/5740	COOLGARDIE	GRANTED	17/01/2013
P15/5741	COOLGARDIE	GRANTED	17/01/2013
P15/5742	COOLGARDIE	GRANTED	17/01/2013
P15/5743	COOLGARDIE	GRANTED	17/01/2013
P15/5749	COOLGARDIE	GRANTED	3/04/2013
E45/2232	PILGANGOORA	GRANTED	17/11/2005
E45/2241	PILGANGOORA	GRANTED	24/04/2002
M45/78	PILGANGOORA	GRANTED	28/11/1984
M45/333	PILGANGOORA	GRANTED	17/06/1988
M45/511	PILGANGOORA	GRANTED	11/09/1991
E77/1853	LAKE SEABROOK	GRANTED	22/09/2011
E77/1854	LAKE SEABROOK	GRANTED	22/09/2011
E77/1855	LAKE SEABROOK	GRANTED	22/09/2011
E77/2021	LAKE SEABROOK	GRANTED	26/06/2012
E77/2022	LAKE SEABROOK	GRANTED	26/06/2012
E77/2035	LAKE SEABROOK	GRANTED	5/09/2012
E77/2279	LAKE SEABROOK	PENDING	PENDING
E70/4690	GREENBUSHES	PENDING	PENDING
ELA 30897	ANGERS	PENDING	PENDING