
CORPORATE GOVERNANCE STATEMENT

Date of last review and Board approval: 29 September 2021.

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*. In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Recommendations. The approach taken by the Board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in this Corporate Governance Statement however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties. The Company's Corporate Governance Plan is available on the Company's website at <https://www.lithim-au.com/corporate-governance>.

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
Recommendation 1.1 A listed entity should have and disclose a charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	YES	<p>To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment. The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.</p> <p>In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.</p>

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		<p>Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.</p> <ul style="list-style-type: none"> • Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board. • Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company. • Overseeing Planning Activities: the development of the Company's strategic plan. • Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company as well as ensuring timely and balanced disclosures 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. • Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company. • Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting along with ensuring the integrity of the Company's financial and other reporting. • Human Resources: reviewing the performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy. • Ensuring the health, safety and well-being of employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's

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		<p>occupational health and safety systems to ensure the well-being of all employees.</p> <ul style="list-style-type: none"> • Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board. • Monitoring the effectiveness of the Company's corporate governance practices. <p>Full details of the Board's and Company Secretary's roles and responsibilities are contained in the Board Charter. The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(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.</p>	<p>YES</p>	<p>(a) Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's operations. The Company's current Directors all have relevant experience in the operations. In addition, Directors should have the relevant blend of personal experience in:</p> <ul style="list-style-type: none"> (i) Accounting and financial management; and (ii) Director-level business experience. <p>Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.</p>

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		<p>In determining candidates for the Board, the Remuneration & Nomination Committee follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Remuneration & Nomination Committee will 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 Remuneration & 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. 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.</p> <p>The Remuneration & Nomination Committee is responsible for implementing a program to identify, assess and enhance Director competencies. In addition, the Remuneration & Nomination Committee puts in place succession plans to ensure an appropriate mix of skills, experience, expertise and diversity are maintained on the Board. Full details of the procedure are contained in the Director Selection Procedure.</p>

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		(b) All material information (such as biographical details, other material directorships, confirmation that relevant background checks have been performed, term of office, etc.) relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	The Company has a written agreement with each of the Directors setting out the terms of their appointment.
<p>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.</p>	YES	Full details of the Board’s and Company Secretary’s roles and responsibilities are contained in the Board Charter.
<p>Recommendation 1.5 A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (i) the measurable objectives set for that period to achieve gender diversity; (ii) the entity’s progress in achieving them; and (iii) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most 	YES	<ul style="list-style-type: none"> (a) The Company recognises and respects the value of diversity at all levels of the organisation. The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation and has implemented a Diversity Policy. (b) The objectives for the employment of women remained the same as the prior year: <ul style="list-style-type: none"> (i) to the Board – 25% by 2025 (ii) to senior management – 25% by 2025 (iii) to the organisation as a whole – 25% by 2025 (c) As at the date of this report, the Company has the following proportion of women appointed: <ul style="list-style-type: none"> (i) to the Board – 25%; to senior management (including Company Secretary) – 20%; to the organisation as a whole – 29%.

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<p>recent “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act.</p>		<p>(ii) 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. The Company recognises that diversity extends to matters of age, disability, ethnicity, marital/family status, religious/cultural background and sexual orientation. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool. The Company will continue to look at other measures of diversity.</p>
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process or in respect of that period.</p>	<p>YES</p>	<p>It is the policy of the Board to conduct evaluation of individual’s performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year self-appraisal of the performance of the Board members and Committee members was carried out.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process or in respect of that period.</p>	<p>YES</p>	<p>It is the policy of the Board to conduct evaluation of individuals’ performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the staff was formally carried out for 3 of the 4 business divisions. Evaluation of performance of staff of the fourth business division was carried out subsequent to year end.</p>
<p><i>Principle 2 Structure the Board to be effective and add value</i></p>		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p>	<p>YES</p>	<p>The role of the Remuneration & Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times. There were only two members on this committee until 29/09/2021 due to the size and composition of the Board. As of 29/09/2021, the company complies with this</p>

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<p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>recommendation. The Remuneration & Nomination Committee (since 29/9/2021) consists of three Non-Executive directors, being Phil Thick, George Bauk and Kristie Young. The Chair of the Remuneration & Nomination Committee is Phil Thick, an independent director. The Remuneration & Nomination Committee met three times during the year and one member wasn't present for one meeting.</p> <p>The responsibilities of the Remuneration & Nomination Committee (as per the Remuneration & Nomination Committee Charter) include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Remuneration & Nomination Committee also oversees management succession plans including the Managing Director and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all Directors, who are experienced public company Directors. The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	YES	<p>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. See appendix A.</p>
<p>Recommendation 2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is</p>	YES	<p>The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. An Independent Director:</p> <ul style="list-style-type: none"> • is a Non-Executive Director and; • is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the

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<p>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</p> <p>(c) the length of service of each director</p>		<p>Company;</p> <ul style="list-style-type: none"> • within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment; • within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided; • is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; • has no material contractual relationship with the Company or other group member other than as a Director of the Company; • has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; • is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and • does not receive performance based remuneration nor participates in an employee incentive scheme. <p>Materiality for the purposes of the points above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of Directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a Director would be considered material when assessing independence.</p> <p>George Bauk (appointed 15 July 2015 & length of service 6.2 years)) is a Non-Executive Director and Chairman of the Company and meets the Company's</p>

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
		<p>criteria for independence. The Board still forms the opinion that the interest, position or relationship does not interfere with the George Bauk's capacity to bring independent judgment to bear on issues before the Board nor to act in the best interests of the Company as a whole. George Bauk's tenure as Chair of the Company indicates a deep understanding of the Company and its business.</p> <p>Kristie Young (appointed 21 December 2020 & length of service 0.8 years) is a Non-Executive Director of the Company and meets the Company's criteria for independence. Her experience and knowledge of the Company makes her contribution to the Board such that it is appropriate for her to remain on the Board and in her position as a Non-Executive Director.</p> <p>Phil Thick (appointed 30 April 2021 & length of service 0.4 years) is a Non-Executive Director of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.</p> <p>Adrian Griffin (appointed 31 January 2011 & length of service 10.7 years) is considered not to be independent.</p>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	YES	The Board has a greater proportion of independent to non-independent Directors.
<p>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.</p>	YES	The Chairperson is an independent Director who is not the CEO / Managing Director.
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and periodically reviewing whether there is a need for existing directors</p>	YES	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, as per the Director Induction Program. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations.

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.		<p>Information conveyed to new Directors include:</p> <ul style="list-style-type: none"> • details of the roles and responsibilities of a Director; • formal policies on Director appointment as well as conduct and contribution expectations; • a copy of the Corporate Governance Statement, Charters, Policies and Memos and • a copy of the Constitution of the Company. <p>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.</p>
<i>Principle 3: Instil a culture of acting lawfully, ethically & responsibly</i>		
<p>Recommendation 3.1 A listed entity should articulate and disclose its values.</p>	YES	The Company's Statement of Values is available on the Company's website.
<p>Recommendation 3.2 A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	YES	As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct for Directors, Senior Executives and Employees to guide compliance with legal and other obligations to legitimate stakeholders and to assist the Board to carry its functions. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.
<p>Recommendation 3.3 A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	YES	The Company's Whistleblower Policy applies to the Company's Directors, senior executives and employees and is available on the Company's website. The Company relies on its employees and Disclosers to help maintain and grow its culture of honest and ethical behaviour. It is therefore expected that any discloser who becomes aware of such conduct will make a report.

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
<p>Recommendation 3.4 A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	YES	The Company's Anti-Bribery and Anti-Corruption Policy applies to the Company's Directors, senior executives and employees and is available on the Company's website. Directors, employees and associated persons are encouraged to raise any matters of concern in good faith and report material breaches of the Anti-Bribery and Anti-Corruption Policy to the Board, without fear of retribution.
<i>Principle 4: Safeguard the integrity of corporate reports</i>		
<p>Recommendation 4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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</p> <p>(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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	YES	The Audit and Risk Committee consists of Kristie Young (Chair of the Audit and Risk Committee), Phil Thick and George Bauk who are independent Non-Executive Directors with experience relevant to being a member of the Audit and Risk Committee. Kristie Young has had experience with audit and financial compliance as part of her responsibilities with various companies. Phil Thick and George Bauk have had experience with audit and financial compliance as part of their responsibilities with various companies in various executive roles. The Audit and Risk Committee has recently been established as a result of the expansion of the Board. The full Board, acting in its role as Audit Committee, met twice during the financial year to consider the financial statements. The newly comprised Audit and Risk Committee has met once to consider the 2021 Annual Financial Statements. The Audit and Risk Committee Charter sets out the responsibilities of the Audit and Risk Committee. The Company is in compliance with this recommendation since 28/9/2021.
<p>Recommendation 4.2</p>	YES	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

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<p>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.</p>		<p>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.</p>
<p>Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	YES	<p>The Board carries out the following processes to independently verify and safeguard the integrity of its periodic corporate reporting:</p> <ul style="list-style-type: none"> • regular review of financial reports; • variance analysis; and • CEO and CFO sign-off on quarterly, half-yearly and annual financial reports.
<p><i>Principle 5: Make timely and balanced disclosure</i></p>		
<p>Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.</p>	YES	<p>In accordance with the Continuous Disclosure Policy, the Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:</p> <ul style="list-style-type: none"> • concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and • that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.
<p>Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	YES	<p>The Board is on the announcement distribution list.</p>

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<p>Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	YES	Presentations are released on the ASX Market Announcements Platform ahead of the presentation being given.
<i>Principle 6: Respect the rights of security holders</i>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>The Company's website includes the following:</p> <ul style="list-style-type: none"> • Corporate Governance Plan (incorporating the various 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 • 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
<p>Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	YES	<p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:</p> <ul style="list-style-type: none"> • communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company; • giving shareholders ready access to balanced and understandable information about the Company and corporate proposals; • requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report of future Annual Reports.

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
		The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.
<p>Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	YES	The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to making it easy for shareholders to participate in shareholder meetings of the Company. The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.
<p>Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	YES	All substantive resolutions, including any resolutions that relate to ASX listing rules, at a meeting of security holders are decided by a poll.
<p>Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	Shareholders are regularly given the opportunity to receive communications electronically.
<p><i>Principle 7: Recognise and manage risk</i></p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and 	YES	The Board has not established a separate Risk Committee, rather, risk is addressed through the combined Audit and 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. 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 Audit and 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.

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
<p>the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>		<p>The Audit and Risk Committee will meet twice 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.</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>YES</p>	<p>The Company's Risk Management Policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's Risk Management Strategy are to:</p> <ul style="list-style-type: none"> • identify risks to the Company; • balance risk to reward; • ensure regulatory compliance is achieved; and • ensure senior executives, the Board and investors understand the risk profile of the Company. <p>The Board monitors risk through various arrangements including:</p> <ul style="list-style-type: none"> • regular Board meetings; • share price monitoring; • market monitoring; and • regular review of financial position and operations. <p>The Company has developed a Risk Register in order to assist with the risk management of the Company. The Company's Risk Management Policy is considered a sound strategy for addressing and managing risk. 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 Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management</p>

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
		<p>within the Company with the Managing Director and Chief Financial Officer (or equivalent) having ultimate responsibility to the Board for the risk management and control framework. Arrangements put in place by the Board to monitor risk management include:</p> <ul style="list-style-type: none"> • regular reporting to the Board in respect of operations and the financial position of the Company; • where appropriate the appointment of appropriately skilled consultants to provide independent assessment of operational results, proposals and activities; and <p>Use of a risk register to assist with risk management.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 governance, risk management and internal control processes.</p>	YES	<p>When the Audit and Risk Committee convenes it carries out those functions which are delegated to it in the Company's Audit and Risk Committee Charter which include overseeing the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the Company, which includes the Company's internal compliance and control systems. 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.</p>
<p>Recommendation 7.4 A listed entity should disclose whether it has any material exposure to environmental and social risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>The Company has considered its economic, environmental and social sustainability risks by way of internal review and has concluded that it is subject to material economic, environmental and social sustainability risks, and that is recognised and managed by the risk management register.</p>
<p><i>Principle 8: Remunerate fairly and responsibly</i></p>		
<p>Recommendation 8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p>	YES	<p>The role of the Remuneration and Nomination Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees. The Remuneration Committee now consists of three Non-Executive Directors, being Phil Thick, Kristie Young and George Bauk. The Chair of the Remuneration Committee is Phil Thick, an independent director. The Remuneration and Nomination Committee met three times during the financial year ended and all relevant</p>

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
<ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 <p>(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.</p>		<p>members were present. In accordance with the Remuneration and Nomination Committee Charter, the responsibilities of the Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations for remuneration by gender and making recommendations on any proposed changes and undertaking reviews of the Managing Director's performance, including, setting with the Managing Director goals and reviewing progress in achieving those goals.</p> <p>The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities. There were only two members on this committee until 29/09/2021 due to the size and composition of the Board. As of 29/09/2021, the Company complies with this recommendation.</p>
<p>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.</p>	YES	<p>In accordance with the Remuneration Policy, Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Managing Director remuneration is set by the Board with the executive director in question not present. Full details regarding the remuneration of Directors has been included in the Remuneration Report within the Annual Report.</p>
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (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	<p>Executives and Non-Executive Directors are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.</p>

Appendix A

Lithium Australia Board Skills Matrix

Board	George Bauk	Adrian Griffin	Kristie Young	Phil Thick
Term expiration date	2021 AGM	Not applicable	2021 AGM	2021 AGM
Length of service - commencement	15 July 2015	31 January 2011	21 December 2020	1 May 2021
Corporate governance	x	x	x	x
Risk management	x	x	x	x
Health & safety	x	x	x	x
Strategy	x	x	x	x
Accounting	x	x	x	x
Finance	x	x	x	x
Acquisitions	x	x	x	x
Human resources	x	x	x	x
Technology	x	x	x	x
Marketing	x	x	x	x
Community development	x	x	x	x
Public relations	x	x	x	x
CEO/CFO/COO experience	x	x	x	x
Geology / Mining	x	x	x	x
Metallurgy	-	x	-	-
Engineering	-	-	x	-