

ASX Listing Conditions – Corporate Governance Statement

Lithium Consolidated Mineral Exploration Limited ACN 612 008 358 (the **Company**) has adopted a Corporate Governance Charter on 31 October 2016, which provides the written terms of reference for the Company's corporate governance duties.

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**). The Directors will seek, where appropriate, to provide accountability levels that meet or exceed the Recommendations, which are not prescriptions, but guidelines.

The table below summarises how the Company complies with the Recommendations, and, in the case of non-compliance, why not. The Board is of the view that with the exception of the departures from the Recommendations noted below it otherwise complies with all of the Recommendations.

Principle Number	Best Practice Recommendation	Compliance
		(Yes/No)
1	Lay solid foundations for management and oversight	
1.1	Disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the board and those delegated to management.	Yes
1.2	Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director.	Yes
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary should be accountable directly to the board, through the chair, on all matters to do with the property functioning of the board.	Yes
1.5	<ul style="list-style-type: none"> Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Disclose that policy or a summary of it. Disclose at the end of each reporting period the 	<p>No</p> <p>Given the relative small size of the Company and its staff, the Board does not consider it appropriate to establish a diversity policy at this time. As the nature and scope of the activities of the Company increase, the Board will review this position and adopt a diversity policy at an appropriate time.</p>

	<p>measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress toward achieving them and either the respective proportions of men and women on the board, in senior executive positions across the whole organisation (including how the entity has defined "senior executive" for these purposes) or if the Company is a relevant employer" under the Workplace Gender Equality Act 2012 (Cth), the Company's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	
1.6	<p>Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose whether a performance evaluation was undertaken in accordance with that process.</p>	<p>No</p> <p>The Board did not conduct a performance evaluation during the last 12 months and has not adopted a Board performance evaluation policy.</p> <p>The Company believes that the small size of the Board and the current scale of the Company's activities makes the establishment of a formal performance evaluation procedure unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board. In the normal course of events the Board reviews performance of the Management, Directors and the Board as a whole. Achievement of goals and business development and compliance issues are evaluated regularly on an informal basis.</p> <p>The Board is provided with the information it needs to discharge its responsibilities effectively. All Directors have access to corporate governance policies and material contracts entered into by the Company. The Directors also have access to the Company secretary for all Board and governance-related issues.</p>
1.7	<p>Have and disclose a process for periodically evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken in accordance with that process.</p>	<p>No</p> <p>The Board did not conduct a performance evaluation of senior executives during the last 12 months and has not adopted a performance evaluation policy.</p> <p>The Company believes that the small size of the executive team and the current scale of the Company's activities makes the</p>

		establishment of a formal performance evaluation procedure unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board. In the normal course of events the Board reviews performance of the Management, Directors and the Board as a whole. Achievement of goals and business development and compliance issues are evaluated regularly on an informal basis.
2	Structure the Board to add value	
2.1	<p>Does the Board have a nomination committee.</p> <p>If the Board 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.</p>	<p>No</p> <p>The Board has not formally established a nominations committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of a nominations committee. The Board considers that it is able to deal efficiently and effectively with Board composition and succession issues without establishing a separate nomination committee and in doing so, the Board will be guided by the Corporate Governance Charter, which can be accessed on the LCME Website under "Corporate Governance". The Company will review this position annually and determine whether a nominations committee needs to be established.</p>
2.2	<p>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.</p>	<p>No</p> <p>Details of the current Directors, their skills, experience and qualifications is set out in the Prospectus. These details, plus a record of attendance at meetings, will be included in the Directors' Report within the annual report in future. No specific skills matrix is currently prepared and disclosed as the Company does not believe its current size and scale warrants that level of detail.</p>
2.3	<ul style="list-style-type: none"> • Disclose the names of the directors considered by the Board to be independent directors. • If a director has an interest, position, association or relationship that might cause doubts about the independence of a director, disclose the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion. 	<p>Yes</p>

	<ul style="list-style-type: none"> • Disclose the length of service of each director. 	
2.4	The majority of the Board should be independent directors.	<p>No</p> <p>The Company is of the view that Jim McKerlie and Vincent Mascolo are considered to be independent directors and therefore is of the view that the Board does not consist of a majority of independent Directors. Shanthar Pathmanathan is an executive director, Mr Moller is a member of the firm of HopgoodGanim, Solicitors to the Company. As such, it is not considered that Mr Moller is independent.</p> <p>The Board will consider appointing further independent Directors in the future, when the Company is of sufficient size and having regard to the scale and nature of its activities. In the meantime, the Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company or its Shareholders.</p>
2.5	The chair of the Board should be an independent director and, in particular, should not be the same person as the chief executive officer.	Yes
2.6	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
3	Act ethically and responsibly	
3.1	Have a code of conduct for directors, senior executives and employees and disclose that code or a summary of it.	Yes
4	Safeguard integrity in corporate reporting	
4.1	<p>The Board should have an audit committee which:</p> <ul style="list-style-type: none"> • has at least three members, all of whom are non-executive directors; and • a majority of whom are independent directors; and • be chaired by an independent director who is not the chair 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

	<p>of the board; and</p> <ul style="list-style-type: none"> disclose the charter of the committee, the relevant qualifications and experience of the members of the committee; and 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. 	<p>Yes</p> <p>Yes</p>
4.2	The Board should, before it approves the entity's financial statements for a financial period, receive from its chief executive officer and chief financial officer 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
4.3	Ensure that the Company's external auditor attends the annual general meeting and is available to answer questions from security holders relevant to the audit.	Yes
5	Make timely and balanced disclosure	
5.1	Establish a written policy designed to ensure compliance with ASX Listing Rule disclosure requirements and disclose that policy or a summary of it.	Yes
6	Respect the rights of shareholders	
6.1	Provide information about the Company and its governance to investors via the Company's website.	Yes
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3	Disclose policies and processes in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	Give security holders the option to receive communications	Yes

	from, and send communications to, the Company and its security registry electronically.	
7	Recognise and manage risk	
7.1	<p>Have a committee or committees to oversee risk, each of which has:</p> <ul style="list-style-type: none"> • at least three members; and • a majority of whom are independent directors; and • are chaired by an independent directors; and • disclose the charter of the committee and the members of the committee; and • 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. 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
7.2	The Board or committee of the board should review the Company's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	Yes
7.3	Disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.	Yes
7.4	Disclose whether the Company 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
8	Remunerate fairly and responsibly	
8.1	<p>The Board should have a remuneration committee which has:</p> <ul style="list-style-type: none"> • at least three members, all of whom are independent directors; and 	<p>No</p> <p>The Board has not formally established a remuneration committee as the Directors consider that the Company is not of a size nor are</p>

	<ul style="list-style-type: none"> • is chaired by an independent director; and • disclose the charter of the committee, the members of the committee; and • 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. 	<p>its affairs of such complexity as to justify the formation of a remuneration committee. The Board considers that it is able to deal efficiently and effectively with remuneration issues and will initially comprise the remuneration committee. In doing so, the Board will be guided by the Corporate Governance Charter, which can be accessed on the LCME Website under "Corporate Governance". The Company will review this position annually and determine whether a remuneration committee needs to be established. The Company will also provide details in its Corporate Governance Statement, its annual report or on the LCME Website of the processes it employs in relation to setting the level and composition of remuneration for Directors and senior Management and ensuring that such remuneration is appropriate and not excessive.</p>
8.2	Separately disclose policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	Have a policy on whether participants are permitted to enter into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	Yes