



Lake Resources N.L.

ABN 49 079 471 980

31 October 2016

Company Announcements Office
Australian Securities Exchange

Appendix 4 g and Corporate Governance Statement

Please find attached the following documents for the year ended 30 June 2016:

- Appendix 4 g
- Corporate Governance Statement

A copy of the Corporate Governance Statement can also be found on the company's website at www.lakeresources.com.au.

The Company sincerely apologises for its oversight in failing to lodge these documents at the same time as its Annual Report was lodged on 29 July 2016.

Yours sincerely

Jim Clavarino
Director
Lake Resources NL

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

LAKE RESOURCES N.L.

ABN / ARBN:

49 079 471 980

Financial year ended:

30 June 2016

Our corporate governance statement² for the above period above can be found at:³

These pages of our annual report:

This URL on our website: <http://www.lakeresources.com.au/pdf/2016%20CORPORATE%20GOVERNANCE%20STATEMENT.pdf>

The Corporate Governance Statement is accurate and up to date as at 30 June 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 31 October 2016

Name of Director or Secretary authorising lodgement: James Clavarino (Director)

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

²"Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement

⁴If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
<p>1.5 A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
<p>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, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
2.2	<p>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.</p>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
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.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
4.2	<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>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
4.3	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
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.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement
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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	X an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
7.2	<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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>

	Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>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 risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ 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><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
8.2	<p>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>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p>X we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

CORPORATE GOVERNANCE STATEMENT

Introduction

This statement outlines the corporate governance practices of Lake Resources N.L. (the “company”) and its board of directors (the “board”) during the financial year ended 30th June 2016

The company and the board have operated for the entire year in accordance with the ASX Corporate Governance Principles And Recommendations 3rd Edition and as required under ASX listing rules unless otherwise stated below. The directors have reviewed the recommendations and approved the company’s corporate governance statement as at 30th June 2016.

It should be noted that the small size of the company and the specialised nature of the mineral exploration industry has necessitated modification in the application of some of the recommendations, whilst endeavoring to keep faith with the underlying principles of the recommendations. For many of the recommendations the company achieved the standard required. For some recommendations, where certain aspects of the recommendation are considered by the board to be unduly onerous for a company of the size of Lake Resources, the company has implemented alternative arrangements.

The company’s position in respect to each of the eight principles outlined in the ASX Corporate Governance Principles And Recommendations 3rd Edition are set out below.

Principle 1: Lay solid foundations for management and oversight.

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

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.**

The board is responsible for the performance and overall corporate governance of the company including the strategic direction, selection of executive directors, establishing goals for management and monitoring the achievement of those goals and approval of budgets.

Day to day management of the company’s affairs and implementation of the corporate strategy are delegated by the board to the managing director and ultimately to senior contract employees.

For the purposes of the proper performance of their duties, the directors are entitled to seek independent advice at the company’s expense, unless the board determines otherwise. The board schedules meetings on a regular basis and other meetings as and when required.

The company has not formally established the functions reserved to the board and those delegated to senior executives in accordance with Recommendation 1.1 of the ASX Corporate Governance Council. Given the small size of the company and the limited scope of its activities, the board has not considered it necessary to formulate a formal board charter at this time.

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.**

The chair, Mr Ross Johnston and the other directors, Mr Peter Gilchrist and Mr Jim Clavarino, have been directors since the company’s incorporation. A brief biography of each director is published on the company’s website and in the annual financial reports of the company.

In accordance with Recommendation 1.2, if the appointment of a new director is contemplated, appropriate checks would be made and security holders would be provided with relevant material

information on the candidate

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointments.

The company does not have any employment contracts or written agreements with current directors. The service conditions of the managing director, Mr Peter Gilchrist, and the exploration director, Mr Jim Clavarino are not formalized in contracts.

Given the small size of the company, the limited scope of its activities, and the length of service of the directors, the board has not considered it necessary to formulate written agreements with each director and senior executive. This policy will be reviewed if there is a material change in the scope and activities of the company and its board.

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.

The company secretary reports directly and is accountable to the board, through the chair, in relation to all governance matters. The company secretary advises the board members on governance matters, implements adopted governance procedures and coordinates circulation of meeting agendas and papers.

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 both the objectives and the entity's progress in achieving them;**
- (b) disclose that policy or a summary of it; and**
- (c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by 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 organization (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.****

The board recognizes the importance of diversity in the workplace including gender, ethnicity, cultural background and age. The company does not discriminate on any of these grounds for appointments, remuneration or promotion or other matters. However because of the small size of the company and the limited scope of its operations, the company has not developed or made formal disclosures in accordance with Recommendation 1.5 of the ASX Corporate Governance Council.

It should be noted that the company has no permanent employees – its exploration activities are usually undertaken by contractors and consultants on an "as-needed" basis.

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.**

The board conducts informal evaluation of its performance and the performance of its members on a continuing basis, and has done so during the reporting period.

Because of the small size of the company and the limited scope of its operations, the company has not established or disclosed a formal process for evaluation of the board, board committees or individual directors. Nor has it been considered necessary to seek outside assistance in performance evaluation.

Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the senior executives; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

Because of the small size of the company and the limited scope of its operations, the company has not established or disclosed a formal process for evaluation of senior executives. As with performance evaluation of directors, performance evaluation for executives is a discretionary matter for consideration by the entire board and in the normal course of events, the board reviews the performance of the executives and management as a whole.

Principle 2: Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

The board currently has three directors - one non-executive director and two executive directors:

Ross Johnston is the chairman of the company. He has over thirty years experience as an accountant in public practice having founded one of the largest independently owned accountancy practices in Queensland. He has long experience in commercial and financial issues affecting the company including reporting, taxation matters and project evaluation. He has been a director of numerous companies over many decades.

The managing director, **Peter Gilchrist**, is a qualified and highly experienced engineer with over thirty years experience in the minerals exploration, mining and construction industries. He has long experience in commercial matters including company administration and project evaluation. He has been a director of numerous companies over many decades.

The exploration director, **Jim Clavarino** has over 40 years experience as a minerals geologist in Australia and many parts of the world. He has over 10 years experience exploring in Pakistan and is an experienced company director.

The three directors are dedicated to building long-term value in the company for shareholders. They have been directors since the company was founded in 1997. The small size of the company and the specialist nature of the minerals exploration industry have generally lead shareholders to place importance on increasing shareholder value by having a board with strong industry experience.

The high-risk nature of exploration funding has also led to shareholders preferring directors to be directly or indirectly involved in the provision of capital.

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:**
- (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 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 and diversity to enable it to discharge its duties and responsibilities effectively.

The company does not have a nomination committee at the present time because of the small size of the company and the limited scope of its operations. As set out above (Principle 2), the current board has the appropriate balance of skills, knowledge, experience and diversity to enable it to discharge its duties and responsibilities effectively.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out a mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The company does not currently have a board skills or diversity matrix. The board considers that such a matrix is not necessary given the small size of the company and the limited scope of its operations. Adoption of a board skills and diversity matrix would be considered if there is a material change in the scope and activities of the company and its board.

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
- (c) the length of service of each director.

The chair, Mr Ross Johnston, is a director and substantial shareholder of several companies that hold shares in the company (see Note 5 (c) in Notes to the Consolidated Financial Statements in the company's annual financial reports). This means that he does not satisfy one of the tests related to independence of directors as set out in Box 2.3 – Factors relevant to assessing the independence of a director. However, the board considers that Mr Johnston has demonstrated the appropriate experience, skills and integrity to act independently and without compromise in the best interests of the company, its shareholders and the community.

Mr Peter Gilchrist is managing director and company secretary. He does not perform the role of chair.

All current directors have been directors since the company was founded in 1997.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The board composition does not have a majority of independent directors. The addition of another two non-executive directors to achieve this is not considered to be practical at the present time because of the small size of the company and the limited scope of its operations.

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.

The chair, Mr Ross Johnston, is a director and substantial shareholder of several companies that

hold shares in the company (see Note 5 (c) in Notes to the Consolidated Financial Statements in the company's annual financial reports). This means that he does not satisfy one of the tests related to independence of directors as set out in Box 2.3 – Factors relevant to assessing the independence of a director. However, the board considers that Mr Johnston has demonstrated the appropriate experience, skills and integrity to act independently and without compromise in the best interests of the company, its shareholders and the community.

Mr Peter Gilchrist is managing director and company secretary. He does not perform the role of chair.

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 roles as directors effectively.

The directors have the appropriate balance of skills, knowledge, experience and diversity to enable them to perform their roles and responsibilities effectively. The directors are also involved in other public companies and they attend seminars and industry conferences which enable them to maintain their understanding of relevant industry matters and technical advancements. The board ensures that its members understand the company's operations, including site visits where appropriate.

Because of the small size of the company and the limited scope of its operations, the company has not yet established a formal program for inducting new directors.

Principle 3: Act ethically and responsibly

A listed entity should 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.**

The board acknowledges and emphasises the importance of all directors, employees, contractors and agents maintaining the highest standards of corporate governance and ethical conduct. Directors are obliged to be independent in judgment and ensure that all reasonable steps are taken to ensure due care is taken by the board in making sound decisions. The company has an established reputation for the highest standard of ethical conduct - for example, it has never made facilitation payments to government officials in overseas countries.

The company has long had a code of conduct, updated from time to time and published in the Corporate Governance Statement on the company's website and in the company's annual financial reports. The company's code of conduct, which has been strictly adhered to, requires all directors, employees, contractors and agents of the company to:

- act honestly and in good faith,
- exercise due care and diligence in fulfilling the functions of office,
- avoid conflicts and make full disclosure of any possible conflicts of interest,
- comply with the law,
- encourage the reporting and investigation of unlawful and unethical behavior, and
- comply with the security trading policy set out at the end of this Corporate Governance Statement.

The board takes ultimate responsibility for these matters. In fulfilling their duties, each director may obtain independent professional advice at the company's expense, subject to prior approval of the chair, whose approval will not be unreasonably withheld.

Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1:

The board of a listed entity should:

- (a) have an audit committee which:**
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
 - (2) is chaired by an independent director, who is not chair of the board,**

and disclose:

 - (3) the charter of the committee;**
 - (4) the relevant qualifications and 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 the 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 is small and acts as a whole as the audit committee. The small size of the company with the three directors as the only persons handling company operations including signing all contracts and disbursements, means there is close and direct contact in all aspects of implementing and monitoring all financial systems and reporting.

The company secretary is responsible for preparing the quarterly, half-yearly and annual financial reports. The half-yearly and annual reports are audited by external auditors, Hayes Knight Audit (Qld) Pty Ltd, who demonstrate quality and independence. The external auditor provides an annual declaration of their independence to the company. The external auditor attends the annual general meetings of the company to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

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.

Prior to approving the company's financial statements, the managing director advises the board that the declaration in accordance with the Corporations Act 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.

The external auditor attends each annual general meeting of the company and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

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.**

The company has a policy that all shareholders, investors and the general public have timely and equal access to the company's information.

As an exploration company, there is regular reporting to shareholders through the ASX Periodic Disclosure requirements, which call for quarterly operational and cash flow reporting. This reporting is additional to more conventional reporting by all companies of half yearly and annual financial results. All of the company's quarterly and annual reports and other disclosures are made available on the comprehensive company website and copies of the annual financial and activities reports are distributed in hard copy to all shareholders by mail.

The board is thoroughly aware of its Continuous Disclosure obligations which require immediate reporting of material events, particularly in relation to exploration progress. The company has a demonstrated history of disclosure, through ASX announcements, of material events such as exploration results and joint ventures.

The company has not established a formal written policy to ensure compliance with ASX Listing Rule disclosure requirements. The board takes ultimate responsibility for these matters by following the ASX Listing Rule disclosure requirements rigorously, and does not consider adoption and disclosure of a formal disclosure policy is appropriate at this stage.

Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The company maintains a website containing comprehensive information on the company including a company profile, corporate strategy, policy statements including corporate governance, board of directors, newsflashes and contact information. All of the company's quarterly and annual reports and other disclosures are available on the company website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. The directors are personally acquainted with many of the shareholders of the company and encourage them to visit the company's office to view the exploration data and discuss the progress of the exploration program with the exploration director.

Telephonic, email and written communications from shareholders are dealt with promptly, usually by the managing director or the exploration director.

The board takes ultimate responsibility for these matters and does not consider that the adoption of a formal written investor relations program is appropriate at this stage.

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.

Shareholders are encouraged to attend and participate in the annual general meetings of the company, to lodge questions to be responded to by the board, and are able to appoint proxies.

The board takes ultimate responsibility for these matters and does not consider that the adoption of a formal written investor participation policy is appropriate at this stage.

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.

All material reports and disclosures are made by the company through ASX announcements and on the company website. As noted above, telephonic, email and written communications from security holders are dealt with promptly, usually by the managing director or the exploration director. Security holders with registry matters are referred to the manager of the company's share registry, Link Market Services Limited.

Because of the limited scope of the company's operations and resources, the company has not deemed it appropriate, at this stage, to make available to security holders, the option to receive communications from the company and its security registry electronically. This policy is subject to review from time to time by the board.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

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**
 - (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 small size of the company does not warrant establishment of a separate risk management committee. The role of the risk management committee is undertaken by the full board. The board sets the framework for the company's long term success, approving its annual budget, assessing business risks and providing overall risk management policy guidance. The board monitors all aspects of the business from the operational level through to strategic level risks, including safety, ethical and environmental performance, on a continuing basis to ensure compliance with laws and ethical behavior.

The company has not publicly disclosed a formal policy in accordance with Recommendation 7.1 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider adoption and disclosure of a formal oversight and risk management policy is appropriate at this stage.

Recommendation 7.2

The board or a committee 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.**

The managing director and the exploration director report regularly to the board on the effectiveness of the company's management of its material business risk. The greatest risk, of course, is the low probability of success for minerals exploration. The managing director has advised the board that he believes the company's management of its material business risks is effective.

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.**

The internal audit function is undertaken by the board as a whole and where appropriate by the managing director, the exploration director or the country manager, who approve all significant invoice payments. The effectiveness of the company's risk management and internal control processes are subject to continual review by the board.

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.

The board considers that the Company does not have, currently or in the foreseeable future, any material exposure to economic, environmental and social sustainability risks.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

The company is small and since its foundation in 1997, has had no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and company shares. The remuneration of all directors is detailed in the Remuneration Report section of the Directors' Report in the company's annual financial report. No director's fees have been paid since the year ended 30th June 2012. Any increase in director's fees is subject to approval by security holders at the annual general meeting.

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 the 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 remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

The company does not have a remuneration committee – that function is performed by the board as a whole. As noted above, the company is small and has no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and company shares. No director's fees have been paid since the year ended 30th June 2012. Any increase in director's fees is subject to approval by security holders at the annual general meeting.

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.

As noted above, the company is small and has no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and company shares. No director's fees have been paid since the year ended 30th June 2012. Any increase in director's fees is subject to approval by security holders at the annual general meeting.

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.**

The company does not have a formal equity-based remuneration scheme. From time to time, contractors may be paid using a combination of cash and company shares with the value of the shares component determined by the board based on recent average share price or recent share issue price.

SECURITIES TRADING POLICY

Directors, officers, employees and contractors who wish to trade in company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (which includes shares and options) by a person in possession of unpublished price-sensitive information not generally available. It may also include the passing on of this information to another or procuring another person to deal in the securities. Legally, insider trading is an offence which carries severe penalties, including imprisonment.

This policy is not limited to insider trading of the company's securities, but also includes trading in the securities of other companies, suppliers or entities with which the company may be negotiating significant transactions. Information that is not material to the company may nevertheless be material to one of those other companies.

In this policy, references to directors, officers, employees and contractors includes all connected persons including a spouse or partner, child or step-child under the age of 18 years, an unlisted body corporate which the director, officer, employee or contractor controls, a trust of which the director, officer, employee or contractor is a trustee and which he or she or any of the persons referred to above is a beneficiary or any other person over whom the director, officer, employee or contractor has significant influence or control. Further, all references to officers includes a reference to 'key management personnel' as defined in AASB Standard 124 Related Party Disclosure, being

those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly, including any director (whether executive or otherwise) of the entity.

Insider Trading Prohibition

Directors, officers, employees and contractors of the company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell any securities in the company, or procure another person to do so:

1. if that director, officer, employee or contractor possess information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the company if the information was generally available;
2. if the director, officer, employee or contractor knows or ought reasonably to know that:
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the company.

Further, directors, officers, employees and contractors must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the company or procure another person to do so.

Examples of information which, if made available to the market, may depending on the circumstances be likely to have a material impact on the price of the company's securities are set out in Appendix 1.

Closed Periods

In addition to the prohibitions on insider trading set out in the Corporations Act, the company requires that directors, officers, employees and contractors must not trade in the company's securities in the following periods:

1. seven days preceding and following director and shareholder meetings.
2. fourteen days preceding and following the release of the company's quarterly reports
3. fourteen days preceding and following the release of the company's half yearly and annual reports,

(Closed Periods) unless the circumstances are exceptional and the procedure for prior written clearance described below has been met.

In addition to the prohibitions on insider trading set out in the Corporations Act, the company requires that directors, officers, employees and contractors must not trade in the company's securities within any period determined by the company from time to time, because the company is considering matters that would require disclosure to the market but for listing rule 3.1A ('Additional Period'), unless the circumstances are exceptional and the procedure for prior written clearance described below has been met. This prohibition is in addition to the Closed Periods. The Closed Periods and the Additional Period are together referred to as a 'Prohibited Period' in this policy.

Exceptional Circumstances When Trading May Be Permitted Subject to Prior Written Clearance

A person may trade in the company's securities inside a Prohibited Period, subject to obtaining prior written clearance in accordance with the procedure described below, in the following exceptional circumstances:

1. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price-sensitive information about the company and the person seeking clearance is facing severe financial hardship;
2. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price-sensitive information about the company and there are other circumstances deemed to be exceptional by the person granting the prior written clearance;
3. where trading is required for compliance with a court order or court-enforceable undertakings or for some other legal or regulatory requirement.

Procedure for Obtaining Prior Written Clearance for Trading in the Company's Securities

Directors, officers, employees and contractors must not trade in the company's securities during a Prohibited Period, including in the exceptional circumstances referred to above, unless the director, officer, employee or contractor obtains prior written clearance from:

1. in the case of employees or contractors, the managing director or in his absence, the company secretary;
2. in the case of a director or officer, the chairman or in his absence, the managing director;
3. in the case of the managing director, the chairman or in his absence, any of the directors;
4. in the case of the chairman, the managing director or in his absence, any of the directors;
5. (each an 'Approving Officer').

A request for prior written clearance under this policy should be delivered to the Approving Officer in writing, setting out the details of the securities to be traded and the reasons for the request. Requests may be delivered by hand, mail, email or facsimile.

Any written clearance granted under this policy will be valid for a period of seven days which it is granted or such other period as may be determined by the approving officer. The expiry date and time of the clearance will be stated in the clearance granted. Clearances may be delivered by hand, mail, email or facsimile.

Trading Which is Not Subject to this Policy

The following trading by directors, officers, employees and contractors is excluded from this policy:

1. transfers of securities already held into a superannuation fund or other saving scheme in which the director, officer, employee or contractor is a beneficiary;
2. an investment in, or trading in units of, a fund or other schemes (other than a scheme only investing in the company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
3. where the director, officer, employee or contractor is a trustee, trading in the company's securities by that trust provided that the director, officer, employee or contractor is not a beneficiary of the trust and any decision to trade during the prohibited period is taken by the other trustees or by the investment managers independent of the director, officer, employee or contractor;
4. undertakings to accept, or the acceptance of, a takeover offer;
5. trading under an offer or invitation made to all or most of the security holders such as, a rights issue, a security purchase plan, a dividend, or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and sale of entitlements required to provide for the take up of the balance of entitlements under a reasonable pro rata issue;
6. a disposal of securities that is the result of a secured lender exercising their rights, for example under a margin lending arrangement;
7. the exercise (but not the sale of securities following an exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the company has been in an exceptionally long prohibited period or the company has had a number of consecutive prohibited periods and the director, officer, employee or contractor could not reasonably have been expected to exercise it at a time when free to do so;
8. trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this trading policy and where:
 - (i) the restricted person did not enter into the plan or amend the plan during a Prohibited Period;
 - (ii) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
 - (iii) the company's trading policy does not allow the restricted person to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a prohibited period other than in exceptional circumstances.

Trading in Derivative Products

The prohibitions on trading in the company's securities imposed by the company and set out in this policy extend to trading in financial products issued or created over or in respect of the company's securities.

Notification

Directors must disclose details of changes in securities of the company they hold (directly or indirectly) to the company secretary as soon as reasonably possible after the date of the contract to buy or sell securities ('contract date') but in any event:

1. no later than three business days after the contract date; or
2. if they begin to have or cease to have a substantial shareholding or there is a change in their substantial holding, the business day after the contract date.

The company secretary is to maintain a register of notifications and clearances given in relation to trading in the company's securities. The company secretary must report all notifications of dealings in the company's securities to the next Board meeting of the company.

Directors are reminded that it is their obligation under section 205G of the Corporations Act to notify the market operator within fourteen days after any change in a director's interest.

Breaches

Breach of the insider trading prohibition could expose directors, officers, employees and contractors to criminal and civil liability. Breach of insider trading law or this policy will be regarded by the company as serious misconduct which may lead to disciplinary action and/or dismissal.

This policy does not contain an exhaustive analysis of the legal ramifications of insider trading. Directors, officers, employees and contractors who wish to obtain further advice in this matter are encouraged to contact the Company Secretary.

This policy also relates to the company's related entities.

ASX Listing Rule Requirements

Listing Rule 12.9 requires that each listed entity to have a Trading Policy that complies with minimum content requirements set out in listing rule 12.12. Pursuant to this rule, a copy of this Trading Policy has been provided to ASX for release to the market. The Trading Policy will also be published on the company's website.

Listing Rule 12.10 requires that any amendments to an entity's Trading Policy that would constitute a material change would require that the amended policy be provided to ASX for release to the market. Material changes include:

1. changes to the fixed periods specified in the Trading Policy when the entity's key management personnel are prohibited from trading in the entity's securities;
2. changes with respect to the trading that is excluded from the operation of the entity's Trading Policy; and
3. changes with respect to the exceptional circumstances in which the entity's key management personnel may be permitted to trade during a Prohibited Period.
- 4.

Securities Trading Policy - Appendix 1

Examples of information which, if made available to the market, may be likely to have a material effect on the price of the company's securities include, but are not limited to:

- exploration results;
- entry into or termination of a material contract such as a joint venture;
- a material acquisition or sale of assets by the company;
- an actual or proposed takeover or merger;
- an actual or proposed change to the company's capital structure such as a share issue;
- the financial performance of the company; and
- a material claim against the company or other unexpected liability, for example the threat of material litigation against the company.