



**LI-S ENERGY LIMITED**  
**ACN 634 839 857**  
**("Li-S Energy" or "Company")**

**CORPORATE GOVERNANCE STATEMENT**

*This statement has been approved by the Board of the Company (as extracted from the Prospectus for the Company's initial public offering dated on or around 20 July 2021 (**Prospectus**)). Capitalised terms not defined in this document have the same meaning given to them in the Prospectus. The statement has been prepared as at the date of the Prospectus with reference to the 4<sup>th</sup> Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.*

The Li-S Energy Board of Directors is committed to the principles underpinning good corporate governance applied in a manner which is most suited to Li-S Energy, and to best addressing the Directors' accountability to Shareholders and other stakeholders. This is supported to an overriding organisation-wide commitment to the highest standards of legislative compliance and financial and ethical behaviour.

The Li-S Energy Board of Directors have developed and implemented policies, procedures and practices and has made these publicly available on its website [www.lis.energy](http://www.lis.energy) in a concerted effort to foster a culture of transparency in the way the Company is directed and managed and as a demonstration of its overall commitment to good governance principles.

The Conduct of the Board is also governed by the Li-S Constitution, a copy of which is located in the designated corporate governance area of the Company's website.

Li-S Energy's corporate governance framework is structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (**Principles and Recommendations**).

This document outlines how the Board intends to oversee the management of Li-S Energy's business in accordance with those Principles and Recommendations.

Except as noted below, the Board does not expect that it will depart from the Principles and Recommendations as they apply on Completion of the Offer. However, the Board may elect to do so in the future if it believes that such departure would be reasonable in the circumstances.

	<b>Principles and Recommendations</b>	<b>Li-S Energy Compliance/ Departures</b>
<b>Principle 1 — Lay solid foundations for management and oversight</b>		
1.1	Have and disclose a board charter which establishes the functions expressly reserved to the Board and those delegated to management and discloses those functions.	<p>The Board of Directors has been charged by Shareholders with overseeing the affairs of Li-S Energy to ensure that they are conducted appropriately and in the interests of all Shareholders. The Board defines the strategic goals and objectives of Li-S Energy, as well as broad issues of policy and establishes an appropriate framework of Corporate Governance within which the Board members and management must operate. The Board reviews, monitors and challenges management holding them to account for Li-S Energy's performance. The Board has also taken responsibility for establishing control and accountability systems/processes and for monitoring senior executive performance and implementation of strategy.</p> <p>The roles and responsibilities of the Board have been set out in a Board Charter which is available on Li-S Energy's website. Amongst other things the Board Charter sets out the role and responsibility of the chair of the Board.</p> <p>In the pursuit of its stated goal, the Li-S Energy Board is responsible for:</p>

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		<p>(a) oversight of the Company, including its control and accountability systems;</p> <p>(b) setting the Company's major goals including the strategies and financial objectives to be implemented by management;</p> <p>(c) appointing, removing, and controlling the CEO or Managing Director;</p> <p>(d) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and/or Company Secretary;</p> <p>(e) input into and final approval of management's development of corporate strategy and performance objectives;</p> <p>(f) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance and ensuring that these instil the Company's values;</p> <p>(g) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;</p> <p>(h) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;</p> <p>(i) approving and monitoring financial and other reporting; and</p> <p>(j) corporate governance.</p> <p>The Board currently delegates operational authority to the Chief Executive Officer and his management team who are charged with the day to day running and administration of Li-S Energy consistent with the strategic objectives and policies as set down by the Board to enable the Board to perform its responsibilities. Within this framework, the Chief Executive Officer is directly accountable to the Board for the performance of the management team.</p>
1.2	Undertake appropriate checks before appointing a person as a director or senior executive or putting someone forward as a director and provide shareholders with all material information relevant to a decision on whether or not to elect or re-elect a director.	<p>Li-S Energy undertakes checks before it appoints a person, or puts forward to Shareholders a new candidate for election, as a Director. These checks include references as to the person's character, experience and education. Li-S Energy does not propose to check criminal records or the bankruptcy history for potential new Board members however may consider such checks where necessary or appropriate in the future.</p> <p>Li-S Energy will include all material information in its possession relevant to a decision whether or not to elect or re-elect a Director in the relevant notice of meeting including biographical details, relevant qualifications, experience, skills and other material directorships currently held. Information relating to each of the Directors is also provided on Li-S Energy's website.</p>
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>Li-S Energy has established written agreements with its Non-Executive Directors which set out the terms of their appointment.</p> <p>Directors are not appointed for a fixed term but are, excluding any Managing Director, subject to re-election by Shareholders at least every three years in accordance with the Constitution of Li-S Energy.</p> <p>A Director appointed to fill a casual vacancy or as an addition to the Board, only holds office until the next annual general meeting of Shareholders and must then retire.</p> <p>Prior to their appointment potential directors participate in induction initiatives and are advised of the time commitment envisaged based on scheduled monthly Board meetings and committee involvement as may be required. They are also advised on remuneration entitlements, their right to seek independent legal advice at the expense of Li-S Energy (subject to the Chairman's approval) and indemnity and insurance arrangements, and their confidentiality obligations.</p>
1.4	The company secretary should be accountable directly to the Board on all matters to do with the	Each Company Secretary has been appointed on the basis that he will be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

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	proper functioning of the Board.	All Directors of the Board have access to the Joint Company Secretaries who are appointed by the Board. Each Company Secretary reports to the Chairman, in particular to matters relating to corporate governance.
1.5	Establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.	<p>Li-S Energy has established a Diversity Policy Statement which is available on Li-S Energy's website.</p> <p>Li-S Energy is committed to an inclusive workplace that embraces and promotes diversity and believes that the promotion of diversity on its Board and within the organisation generally is good practice.</p> <p>Diversity at Li-S Energy refers to all the characteristics that make individuals different from each other. It includes characteristics or factors such as religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference.</p> <p>Li-S Energy values the unique contributions made by people with diverse backgrounds, experiences and perspectives, and believes that greater diversity of thought throughout the organisation will lead to more informed decision making and ultimately better business outcomes.</p> <p>Li-S Energy's policy is to recruit and manage its employees on the basis of their competence, performance and potential, regardless of the individual's background or points of difference.</p> <p>Diversity at Li-S Energy is about the commitment to equality and the treating of all individuals with respect.</p> <p>Li-S Energy is committed to promoting a culture of diversity in the workplace by:</p> <ul style="list-style-type: none"> <li>• recruiting and managing on the basis of an individual's competence and performance;</li> <li>• respecting the unique attributes that each individual brings to the workplace;</li> <li>• fostering an inclusive and supportive culture to enable people to develop to their full potential;</li> <li>• taking action to prevent and stop bullying, discrimination or harassment;</li> <li>• rewarding and remunerating fairly;</li> <li>• offering flexible work practices which recognise that employees may have different domestic responsibilities throughout their career;</li> <li>• maintaining policies and procedures to provide employees at all levels of the Company with guidelines for behaviour.</li> </ul> <p>The Company's commitment to diversity forms part of the Company's culture dedicated to retaining the best qualified employees, management and Board. The Company's commitment applies in all phases of employee engagement including recruitment, selection, development, promotion, rewards and remuneration.</p> <p>The Board acknowledges the benefits of and will seek to achieve diversity during the process of employment at all levels without detracting from the principal criteria for selection and promotion of people to work within Li-S Energy based on merit. Accordingly, Li-S Energy has not established measurable objectives or number targets for achieving gender diversity.</p>
1.6	Have a process for periodically evaluating the performance of the Board, its committees and individual directors, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	<p>The Board has an established process of self-review and evaluation which involves regular and on-going consideration of all the Board's key areas of responsibility and accountability. Relevant matters considered in the assessment of Board and individual Director performance are set out in detail in the Performance Evaluation Processes available on Li-S Energy's website.</p> <p>The Chairman meets periodically with individual Directors to discuss the performance of the Board. In addition, an evaluation is undertaken by the Chairman of the contribution of Directors retiring by rotation prior to the Board endorsing their candidature.</p> <p>The review process involves consideration of all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contribution to the overall management of the business.</p> <p>The Board believes that this approach is appropriate given its size and the nature of Li-S Energy's operations.</p>
1.7	Have a process for periodically evaluating the performance of the	The Board reviews and establishes Li-S Energy's performance objectives and measures based on qualitative and quantitative factors. The objectives established become the performance targets for the Chief Executive Officer and

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	<p>company's senior executives at least once every reporting period, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.</p>	<p>Senior Management. The performance of the Chief Executive Officer is assessed by the full Board against these pre-determined performance objectives.</p> <p>The Chief Executive Officer, in consultation with the Board, establishes the performance objectives of Senior Management within the Company based on the desired business outcomes.</p> <p>The Chief Executive Officer makes recommendations to the full Board on the remuneration of Senior Management which are reviewed and approved by the Board.</p> <p>The Board is responsible for approving the performance objectives and measures for the Chief Executive Officer and Senior Management and assessing whether these objectives have been satisfied.</p>
<b>Principle 2 — Structure the Board to be effective and add value</b>		
2.1	<p>The Company should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.</p>	<p>Due to the size of the Company and the number of Board members, the Board does not have a formal nomination committee. New Directors are selected according to the needs of Li-S Energy at that particular time, the composition and the balance of experience on the Board as well as the strategic direction of Li-S Energy. Where a vacancy arises or it is considered appropriate to vary the composition of the Board of Directors, the full Board generally participates in any review of the Board's composition and the qualifications and experience of candidates. Directors are selected upon the basis of their specialist skills and business background so as to provide an appropriate mix of skills, perspective and business experience.</p>
2.2	<p>Have and disclose a Board skills matrix, setting out what the Board is looking to achieve in its membership.</p>	<p>The Board does not maintain a formal Board skills matrix however it does review its composition from time to time taking into account the length of service on the Board, age, skills, qualifications and experience, and in light of the needs and direction of Li-S Energy, together with such other criteria considered desirable for the composition of a balanced Board and the overall interests of Li-S Energy.</p> <p>Li-S Energy's Board has a broad background of experience in early stage companies, publicly listed companies, capital markets, innovative technologies, business development, finance and accounting, governance and compliance, legal, risk management and commercial expertise.</p>
2.3	<p>Disclose the names of the directors that the Board considers to be independent directors, and an explanation of why the Board is of that opinion if a factor that impacts on independence applies to a director and disclose the length of service of each director.</p>	<p>At the date of this Prospectus, the Board comprises four Non-Executive Directors. The Directors believe it is in the best interests of Li-S Energy to maintain a small but efficient Board with at least three Non-Executive Directors.</p> <p>Matters relevant to a Director's independence are set out in detail in the Independent Director Assessment available on Li-S Energy's website.</p> <p>Dr Ben Spincer, Mr Tony McDonald and Ms Hedy Cray are considered to be independent Directors.</p> <p>The Board observes a number of practices to ensure that independent judgement is applied when considering the business of the Board:</p> <ul style="list-style-type: none"> <li>(i) Directors are entitled to seek independent professional advice at Li-S Energy's expense. Prior written approval of the Chairman is required but this is not unreasonably withheld.</li> <li>(ii) Directors having a conflict of interest with an item for discussion by the Board must not participate in the consideration of or the vote in respect of that matter.</li> </ul> <p>Details of each Directors experience and length of service can be found on Li-S Energy's website and are also are set out on an annual basis in the Directors' Report contained in the Company's Year End Financial Report which is released to the market and posted on Li-S Energy's website.</p> <p>Dr Ben Spincer is considered to be independent as the Directors (other than Dr Ben Spincer) consider he is free from any business or other relationship that could materially interfere, or reasonably be perceived to interfere, with the independent exercise of his judgement. Deakin holds 13.88% of the total issued Shares in Li-S Energy as at the date of this Prospectus. Although Ben is currently the Executive Director of Deakin Research Innovations, he does not have power to exercise or control the exercise of Deakin's rights to vote attached to its Shares or to dispose the Shares held by Deakin. Both Deakin and Li-S Energy have policies and</p>

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		<p>procedures in place to manage conflicts of interests. Ben has been a Director of Li-S Energy since 18 March 2021.</p> <p>Mr Robin Levison is not considered to be independent as the Directors (other than Mr Robin Levison) consider that the size of his current relevant interests in Li-S Energy and PPK Group Limited and his role as Executive Chairman of PPK Group Limited could materially interfere, or reasonably be perceived to interfere, with the independent exercise of his judgement. PPK Group Limited's wholly owned subsidiary, PPK Aust, holds 48.46% of the total issued Shares in Li-S Energy as at the date of this Prospectus. Robin has been a Director of Li-S Energy since 12 July 2019.</p> <p>Mr Tony McDonald is considered to be independent as the Directors (other than Mr Tony McDonald) consider he is free from any business or other relationship that could materially interfere, or reasonably be perceived to interfere, with the independent exercise of his judgement. Although Tony is a director of PPK Group Limited and has relevant interests in PPK Group Limited, he is a Non-Executive Director of PPK Group Limited's board of four directors and does not have power to exercise or control the exercise of PPK Aust's rights to vote attached to its Shares or to dispose the Shares held by PPK Aust. Both PPK Group Limited and Li-S Energy have policies and procedures in place to manage conflicts of interests. Tony has been a Director of Li-S Energy since 12 July 2019.</p> <p>Ms Hedy Cray is considered to be independent as the Directors (other than Ms Hedy Cray) consider she is free from any business or other relationship that could materially interfere, or reasonably be perceived to interfere, with the independent exercise of her judgement. Hedy has been a Director of Li-S Energy since 21 April 2021.</p>
2.4	A majority of the Board should be independent directors	As at the date of this Prospectus, Li-S Energy complies with this recommendation as the Board is comprised of four Directors, three of which are independent Directors.
2.5	The chair of the Board should be an independent director and should not be the Chief Executive Officer.	The Chairman Dr Ben Spincer is considered to be an independent Director and accordingly the Company complies with this recommendation.
2.6	There should be a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	<p>Li-S Energy provides new Directors with an induction package including copies of the Board Charter and relevant policies and procedures.</p> <p>Directors are encouraged to pursue appropriate professional development opportunities to develop and maintain their skills and knowledge in order to perform their role as Directors effectively.</p>
<b>Principle 3 — Instil a culture of acting lawfully, ethically and responsibly</b>		
3.1	Articulate and disclose the Company's values.	Li-S Energy's Board recognises the need to have the highest standards of corporate practice and business conduct. Accordingly, Li-S Energy Board's core values are set out in the Code of Conduct for Directors & Officers and a Code of Conduct & Ethics for all employees as noted in recommendation 3.2 below.
3.2	Have a code of conduct for the Board, senior executives and employees, disclose that code or a summary of that code and ensure that the Board or committee of the Board is informed of any material breaches of that code.	<p>The Board of Li-S Energy has adopted a Code of Conduct for Directors &amp; Officers of Li-S Energy to demonstrate the commitment of Li-S Directors and Senior Management to ethical practices and the highest standards of integrity in the fulfilment of their respective roles and responsibilities. It outlines the expectations of Li-S Energy's Directors and employees, their legal obligations and responsibility to investigate and report unethical practices.</p> <p>The Board of Li-S has adopted a Code of Conduct &amp; Ethics which is applicable to all employees and which the Board expects to govern the way in which the</p>

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		<p>Company's employees conduct themselves in the performance of their respective duties and in communicating with the stakeholders of the Company's business.</p> <p>The Code of Conduct for Directors &amp; Officers and the Code of Conduct &amp; Ethics are available on Li-S Energy's website.</p> <p>The Board has also developed a policy governing Director and employee dealing in Li-S Energy's securities, the purpose of which is to guide Directors and employees in the performance of their duties and to define the circumstances in which Directors and Li-S Energy's employees, and their respective associates, are permitted to deal in Li-S Energy's securities. Although Li-S Energy has also adopted a diversity policy which seeks to promote diversity amongst the Directors and employees, including gender diversity, the Board does not intend to set measurable objectives for achieving gender diversity.</p> <p>It is the Board's policy that gender discrimination has no position in the workplace and that men and women must be treated equally and without any discrimination. It is the Board's belief that employment should be on a merit-based system only.</p>
3.3	Have and disclose a whistleblower policy and ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.	<p>Li-S Energy's Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of Li-S Energy's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In addition, Li-S Energy encourages reporting of actual and suspected violations of Li-S Energy's code of conduct or other instances of illegal, unethical or improper conduct. Li-S Energy's Board provides effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy and a copy is available on Li-S Energy's website.</p> <p>Any reportable matter can be reported under this policy to the Chairman, the Chief Executive Officer or an immediate supervisor, noting it may depend on the matter and the person who is the subject of the matter. Li-S Energy's Board will be informed of any material incidents reported under this policy, subject to the confidentiality provisions of this policy.</p>
3.4	Have and disclose an anti-bribery and corruption policy and ensure that the Board or a committee of the Board is informed of any material breaches of that policy.	<p>Li-S Energy's Board is committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues. Li-S Energy's Board has adopted an Anti-Bribery and Corruption Policy and a copy is available on Li-S Energy's website.</p> <p>Li-S Energy's Board has overall responsibility for ensuring this policy complies with the Company's legal and ethical obligations, and that all personnel comply with it. The Board will be informed on any material incidents reported under this policy and employees are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage.</p>
<b>Principle 4 — Safeguard the integrity of corporate reports</b>		
4.1	The Company should have an audit committee, which consists of only nonexecutive directors, a majority of independent directors, is chaired by an independent chairman who is not chairman of the Board and has at least three members. The functions and operations of the audit committee should be disclosed.	<p>The Audit Committee is comprised of Ms Hedy Cray (Committee Chair), Mr. Tony McDonald and Mr Robin Levison. Ms Cray and Mr McDonald are Non-Executive independent Directors. Mr Robin Levison is a Chartered Accountant and has previously been an audit committee member for PPK Group Limited. Mr McDonald is an audit committee member for PPK Group Limited.</p> <p>The Board has established Terms of Reference for the Audit Committee. The Terms of Reference set out in detail the purpose, composition and membership, meeting procedures, roles and responsibilities of the committee and the authorities of the committee. The Terms of Reference are available on Li-S Energy's website.</p> <p>Details relating to the relevant qualifications and experience of the members of the committee and the number of times the committee met throughout the reporting period and the individual attendances of the members at those meetings are set out on an annual basis in the Directors Report contained in the Company's Year End Financial Report which is released to the market and posted on Li-S Energy's website.</p>

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4.2	The Board should, before approving financial statements for a financial period, receive a declaration from the Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial records 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 Company, formed on the basis of a sound system of risk management and internal controls, operating effectively.	The persons performing the functions of Chief Executive Officer and Chief Financial Officer will report in writing to the Board on a yearly and half-yearly basis to confirm that: <ul style="list-style-type: none"> <li>(a) the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards;</li> <li>(b) Li-S Energy's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and performance of Li-S Energy; and</li> <li>(c) the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that Li-S Energy's risk management and internal controls are operating effectively in all material respects.</li> </ul>
4.3	The Company 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.	Li-S Energy's Board reviews any periodic corporate reports, obtains validation of information it considers necessary and appropriate before releasing it to the market. Validation may include detailed review of management's assessment of information presented and/or independent review by a third party with the appropriate knowledge and expertise.
<b>Principle 5 — Make timely and balanced disclosure</b>		
5.1	Have and disclose a written policy for complying with continuous disclosure obligations under the ASX Listing Rules and disclose that policy or a summary of it.	The Li-S Energy's Board is committed to keeping its Shareholders, and the market, fully informed of major developments having an impact on the Company.  Li-S Energy has a Shareholder Communications and Continuous Disclosure Policy which is available on Li-S Energy's website.  Comprehensive procedures are in place to identify matters that are likely to have a material effect on the price, or value, of the Li-S Energy's securities and to ensure those matters are notified to the ASX in accordance with ASX Listing Rule disclosure requirements.  Li-S Energy's Senior Management and Board are responsible for scrutinising events and information to determine whether the disclosure of the information is required in order to maintain the market integrity of Li-S Energy's Shares listed on the ASX.  The Company Secretary is responsible for all communications with the ASX.
5.2	Ensure that its Board receives copies of all material market announcements promptly after they have been made.	All announcements on the ASX Market Announcements Platform are electronically updated to the Li-S Energy website and all Directors receive a copy of any announcements.
5.3	Where the Company gives a new and substantive investor or analyst presentation, release a copy of the presentation materials on the ASX Market Announcements	All investor or analyst presentations are approved by the Chief Executive Officer or a Director and provided to the Company Secretary for lodgement on the ASX Market Announcements Platform before a presentation occurs.

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	Platform ahead of the presentation.	
<b>Principle 6 — Respect the rights of security holders</b>		
6.1	Provide information about the Company and its governance to investors via its website.	Information about Li-S Energy and its governance are available on the Company's website. The Company's website provides detailed corporate information and has a specific section relating to corporate governance.
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>Li-S Energy recognises the right of Shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in Li-S Energy.</p> <p>Li-S Energy has a Shareholder Communications and Continuous Disclosure Policy which is available on the Company's website.</p> <p>Li-S Energy communicates information to Shareholders through:</p> <ul style="list-style-type: none"> <li>• disclosures to the ASX including Li-S Energy's Annual Report;</li> <li>• notices and explanatory memoranda of Annual General Meetings and general meetings; and</li> <li>• the Company's website at <a href="http://www.lis.energy">www.lis.energy</a></li> </ul> <p>It is Li-S Energy's communication policy to communicate with Shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of Li-S Energy. Investors and other stakeholders are invited to subscribe to an email alert facility on Li-S Energy's website so that they can receive material announcements which have been released by Li-S Energy to the market via an email in a timely manner.</p>
6.3	Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	<p>The Board encourages active participation by Shareholders at each Annual General Meeting, or other general meetings of Li-S Energy.</p> <p>Li-S Energy does not have formal policies or processes in place to facilitate or encourage participation at Shareholder meetings. The Company will despatch a notice of meeting and explanatory statement to Shareholders in accordance with statutory requirements. In addition, details of any Shareholder meeting will be posted on Li-S Energy's website.</p> <p>At any meeting of Shareholders, Shareholders are encouraged to ask questions of the Board in relation to the matters to be considered at such meeting and where appropriate relating to the business and operation of Li-S Energy. Li-S Energy's auditor will attend the annual general meeting and will be available to answer Shareholders' questions.</p>
6.4	Ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<p>Li-S Energy's Board encourages security holders who do not plan to attend a meeting to vote a proxy form online, by email or mail for substantive resolutions. Li-S Energy Directors will monitor the response from security holders prior to the closing date for receipt of proxies and will follow up with large Shareholders to encourage them to vote.</p> <p>At Shareholder meetings, the chair will seek a poll rather than a show of hands to determine to voting outcome.</p>
6.5	Give security holders the option to receive communications from, and send communications to, the Company and its share registry electronically.	Li-S Energy provides Shareholders with the option to receive communications from, and send communications to, the entity and its security registry electronically.
<b>Principle 7 — Recognise and manage risk</b>		
7.1	The Board should have a risk committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and	<p>The full Board of Li-S Energy maintains responsibility to oversee risk and accordingly has not established a committee for this purpose. The Audit Committee assists the Board in this role by reviewing the financial and reporting aspects of Li-S Energy's risk management and control practices.</p> <p>The Board has established a Risk Oversight and Management Framework. In accordance with this framework the Board of Li-S Energy:</p>



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	<p>has at least three members. The functions and operations of the risk committee should be disclosed.</p>	<ul style="list-style-type: none"> <li>• recognises that effective management of risk is an integral part of good management and vital to the continued growth and success of Li-S Energy;</li> <li>• is responsible for the oversight of Li-S Energy's risk management and control framework including the development of risk profiles as a part of the overall business and strategic planning process; and</li> <li>• has implemented policies designed to ensure that the Company's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an on-going basis, and that adequate controls are in place and functioning effectively.</li> </ul> <p>The Risk Oversight &amp; Management Framework incorporates the maintenance of appropriate policies, procedures and guidelines which address Li-S Energy's operating environment and is utilised by the Board as a means of identifying the:</p> <p>(a) strengths, weaknesses, opportunities and threats influencing, or having the potential to influence, Li-S Energy's business; and</p> <p>(b) appropriate oversight strategies to implement in respect of the key risk and opportunity factors confronting Li-S Energy to avoid or mitigate losses.</p> <p>The Chief Executive Officer has ultimate responsibility for control and management of operational risk and the implementation of avoidance or mitigation measures within Li-S Energy and may delegate control of these risks to the appropriate level of management.</p> <p>The Board regularly monitors the operational and financial performance of Li-S Energy and against budget and other key performance measures. The Board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.</p> <p>Reports are presented to the Board by the Chief Executive Officer, the Chief Financial Officer and relevant senior executives on a regular basis. The reports encompass matters including actual financial performance against budgeted forecasts, technology development, workplace health and safety, legal compliance, corporate governance, strategy, quality assurance and standards, human resources, industry and market information, operational developments and environmental conformance.</p> <p>Reports are prepared and submitted by the Chief Financial Officer at each Board meeting in relation to the overall financial position and performance of Li-S Energy. In addition to formalised written reporting procedures, the Board is regularly briefed by the Chief Executive Officer, the Chief Financial Officer and senior management on emerging or developed trends in market and operational conditions having the potential to impact on the overall performance of the Company.</p>
7.2	<p>The Board or a committee of the Board should review the entity's risk management framework with management 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 disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board has reviewed Li-S Energy's risk management framework in the preparation of this Prospectus.</p> <p>The Chief Executive Officer and the Chief Financial Officer review and confirm to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects twice annually when half-yearly and year-end financial statements are prepared.</p>
7.3	<p>Disclose if the Company 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 the Company employs for evaluating and</p>	<p>In light of the nature and extent of Li-S Energy's operations and activities, the Company has not established a formal internal audit function.</p> <p>The Board continuously reviews the activities of Li-S Energy to identify key business and operational risks and has implemented policies and procedures to address such risks and to establish appropriate internal control processes.</p> <p>The Board is provided with regular reporting on the management of operations and the financial condition of Li-S Energy aimed at ensuring that risks are identified, assessed and appropriately managed as and when they arise.</p>

	<b>Principles and Recommendations</b>	<b>Li-S Energy Compliance/ Departures</b>
	continually improving the effectiveness of its governance risk management and internal control processes.	
7.4	Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	<p>The Board manages economic, environmental and social risks that it has identified with the objective of positioning Li-S Energy to operate without compromising the health of the ecosystems in which it operates. The Board is equally conscious of ensuring that it conducts its business in a manner that meets accepted social norms and needs.</p> <p>Areas of economic risks that have been identified by Li-S Energy include:</p> <ul style="list-style-type: none"> <li>• research and development risk relating to innovative technologies;</li> <li>• commercialisation of new technologies;</li> <li>• current and potential competitors in a rapidly changing environment;</li> <li>• manufacturing limitations and constraints;</li> <li>• marketing and demand for new products;</li> <li>• domestic and international economic conditions;</li> <li>• material and sustained interest rate and foreign exchange fluctuations;</li> <li>• retention of technical and management skill and up to date technology; and</li> <li>• asset protection including intellectual property.</li> </ul> <p>Beyond the risks identified in the Prospectus and above, the Board does not believe that the Company has material exposure to environmental and social risks.</p> <p>Li-S Energy promotes the highest ethical and professional standards. As a company with a reputation for fair and responsible dealing with stakeholders (including security holders, research institutions, customers, employees and government regulatory authorities) the Board demands that the highest standard of ethical behaviour be maintained and fostered throughout the Company. Li-S Energy requires a culture and system of compliance and accountability to be maintained throughout the Company and for all employees to take pride in this underlying ethical basis of the Company, acting legally and responsibly in all matters.</p> <p>Li-S Energy seeks to comply with the spirit as well as the letter of all applicable laws and regulations (both domestic and foreign) and where appropriate evaluate actions in a broader social context while still conducting its businesses in an efficient, well-ordered and systematic manner, giving due consideration to the goal of maximising returns for its Shareholders.</p>
<b>Principle 8 — Remunerate fairly and responsibly</b>		
8.1	The Board should have a remuneration committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the remuneration committee should be disclosed.	Li-S Energy's Board has not established a formal remuneration committee as Li-S Energy initially has a small number of employees and remuneration matters relating to executive Directors, the Chief Executive Officer and Senior Management are considered and determined by the full Board where appropriate.
8.2	The policies and practices regarding the remuneration of Non-Executive directors, and the remuneration of executive directors and other senior executives, should be separately disclosed.	<p>The aggregate remuneration pool of Non-Executive Directors is set at \$800,000. Individual Directors' remuneration is determined by the Board within the approved aggregate total. In determining the appropriate level of Director's fees, data from surveys undertaken of other public companies similar in size or market section to Li-S Energy and input from an external executive remuneration consultant are taken into account.</p> <p>Non-Executive Directors of Li-S Energy are:</p> <ul style="list-style-type: none"> <li>• not entitled to participate in performance-based remuneration practices unless approved by Shareholders; and</li> </ul>

	<b>Principles and Recommendations</b>	<b>Li-S Energy Compliance/ Departures</b>
		<ul style="list-style-type: none"> <li>• currently remunerated by means of the payment of Service Rights in lieu of cash benefits in the form of Directors' fees.</li> </ul> <p>Li-S Energy may remunerate Non-Executive Directors for past performance undertaken or for future service by the granting of rights but other than as disclosed in this Prospectus, these will be approved by Shareholders.</p> <p>Li-S Energy does not currently have in place a retirement benefit scheme or allowance for its Non-Executive Directors.</p> <p>A review of the compensation arrangements for the Non-Executive Directors, the Chief Executive Officer and Senior Management is conducted on a regular basis by the full Board and is based on criteria including the individual's performance, market rates paid for similar positions and the results of Li-S Energy during the relevant period.</p> <p>The broad remuneration policy objective of Li-S Energy is to ensure that:</p> <ul style="list-style-type: none"> <li>(a) the Chief Executive Officer and Senior Management are aligned with Shareholders and business objectives by providing a fixed remuneration component, specific short term incentives based on key performance areas that affect Li-S Energy's financial results and long term incentives based on achieving specific Shareholder value metrics; and</li> <li>(b) the emoluments provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest possible quality and standard in Li-S Energy's prevailing circumstances to enable Li-S Energy to succeed.</li> </ul>
8.3	<p>If the Company has an equity-based remuneration scheme, it should 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 disclose that policy or a summary of it.</p>	<p>Li-S Energy has in place a NED Equity Plan and Executive Rights Plan that prohibits participants in those plans from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>The Corporations Act prohibits the key management personnel of an ASX listed company established in Australia, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.</p>