

Corporate Governance Statement

The Board and management of Kalium Lakes Limited recognise the duties and obligations to shareholders and other stakeholders to implement and maintain a proper system of corporate governance. The Company believes that good corporate governance adds value to stakeholders and enhances investor confidence.

The Company's corporate governance documents are available in the Corporate Governance section of its website, <http://www.kaliumlakes.com.au/corporate-governance>

Kalium Lakes' compliance to the Principles and Recommendations (3rd Edition) of the ASX Corporate Governance Council and a checklist cross-referencing these Principles and Recommendations to the relevant disclosures are outlined within ASX Appendix 4G.

Kalium supports the intent of the ASX Corporate Governance Council Principles and Recommendations 3rd Edition (Principles and Recommendations) and meets the specific requirements of the Principles and Recommendations, unless shown otherwise in the tables set out in this statement.

This Corporate Governance Statement sets out a description of the Company's key corporate practices and provides details of the Company's adoption of the Recommendations, including details on its departure from the Recommendations.

Committees

The Board has established Committees to assist in the execution of its duties and to ensure that important and complex issues are given the detailed consideration they require. The primary Committees of the Board are the Audit and Risk Committee (ARC), the Nomination Committee (NC) and the Remuneration Committee (RC).

Each Committee has its own Charter approved by the Board, and under which authority is delegated by the Board. Each Committee is required to report the outcomes of its deliberations to the Board so that the Board is fully informed on all important matters before matters are resolved. Committee Charters are available in the Corporate Governance section of the Company's website.

Meeting Attendance

The Board and its Committees meet as often as necessary to fulfil their roles. Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively, including adequate time to prepare for Board and Committee meetings and in joining visits to the Company's operational sites.

Attendance at Board and Committee meetings during FY2020 is summarised below:

Director	Board		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Malcolm Randall	16	16	2	2	1	1	2	2
Brett Hazelden	16	16	-	-	1	1	2	2
Rudolph van Niekerk	13	13	1	1	-	-	-	-
Stephen Dennis	16	16	2	2	1	1	2	2
Dale Champion	7	7	-	-	-	-	-	-
Mark Sawyer	3	3	-	-	-	-	-	-
Brent Smoothy	3	3	-	-	-	-	-	-
Sam Lancuba	0	0	0	0	0	0	0	0

Generally, Board meetings are half a day in duration and Board Committee meetings precede the Board meeting. The majority of directors have each visited the project across several days (and once COVID-19 restrictions are eased, all directors will visit the project site), in conjunction with the formal Board and Committee meetings.

This Statement is current as at 22 October 2020 and has been approved by the Board of Directors of Kalium Lakes.

A copy of the Corporate Governance Statement and ASX Appendix 4G is available on the Company's website at:

<http://www.kaliumlakes.com.au/corporate-governance>

Principle 1 – Lay solid foundations for management and oversight

Recommendation	Requirement	Comply Yes/No and Explanation															
1.1	<p>A listed entity should disclose:</p> <p>(a) The respective roles and responsibilities of its board and management; and</p> <p>(b) Those matters expressly reserved to the board and those delegated to management.</p>	<p>Yes.</p> <p>Both the Statement of Matters Reserved for the Board and the Statement of Matters Reserved for the CEO/Managing Director are reviewed annually to assess continued relevance and to identify any areas requiring improvement or change. Where changes are required to these documents, such changes are approved by the Board. Refer specific documents on the Company’s Corporate Governance Section on its website.</p>															
1.2	<p>A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Yes.</p> <p>Prior to appointing a director, the Company undertakes a rigorous process of evaluation and checks to ensure their suitability and capacity to discharge their duties as a Board member. This evaluation covers matters such as:</p> <ul style="list-style-type: none"> • Skills and experience including the expected contribution to the collective skills and experience of the Board. • Current and prior directorships and/or executive roles. • Independence. • Any other matters (including interests, positions and associations) which could adversely affect their ability to effectively discharge their duties as a Board member. • Following appointment, directors are supported through a formal induction program to familiarise them with the operations of the business. This typically involves a combination of meetings with senior management, site visits and briefings on specific issues. This process continues throughout the director’s tenure. 															
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Yes.</p> <p>A letter of appointment sets out terms of engagement including the basis of remuneration. Prior to appointment, or offering themselves for re-election, non-executive directors are required to specifically acknowledge that they have the time available to fully discharge their responsibilities to the Company.</p>															
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Yes.</p>															
1.5	<p>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 the 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> <ol style="list-style-type: none"> 1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or 2) If the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under the Act. 	<p>Partial compliance.</p> <p>Kalium Lakes is committed to providing a balanced and inclusive working environment underpinned by a documented Diversity Policy that is built on the Company’s values. The Board has implemented a Diversity Policy but given the limited operational activities of the Company has not seen the need to establish measurable objectives which reflect Kalium Lake’s commitment to ensuring that there are no impediments to diversity at any level of the Company.</p> <p>The Board will review its position and over time will develop measurable objectives as the Company establishes its operations.</p> <p>The Diversity Policy can be accessed through the Corporate Governance section of the Company’s website.</p> <table border="1" data-bbox="767 1738 1501 1827"> <thead> <tr> <th>Gender</th> <th>Directors</th> <th>Permanent</th> <th>Casual</th> <th>Contractor</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>-</td> <td>9</td> <td>4</td> <td>5</td> </tr> <tr> <td>Male</td> <td>6</td> <td>33</td> <td>4</td> <td>12</td> </tr> </tbody> </table>	Gender	Directors	Permanent	Casual	Contractor	Female	-	9	4	5	Male	6	33	4	12
Gender	Directors	Permanent	Casual	Contractor													
Female	-	9	4	5													
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Recommendation	Requirement	Comply Yes/No and Explanation
1.6	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes. The Board and each of its three primary Committees have established a process to evaluate their performance annually as set out in the Performance Evaluation Practices Policy. The Chairman is responsible for evaluating the Board and a formal Board Performance Review Questionnaire, was completed by all applicable Directors during the financial year. As the Company grows and develops, it will continue to consider the efficiencies and merits of different methods for performance evaluation for the Board, its committees and individual directors as set out in the Performance Evaluation Practices Policy.
1.7	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its 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.	Yes. The Board, through the Remuneration and Nomination Committees, periodically reviews the performance of senior executives. A review was performed in FY20 and the results have been incorporated into remuneration results. Details of the remuneration policies and the remuneration paid to directors (executive and non-executive) and executives are set out in the Remuneration Report section of the 2020 Annual Report.

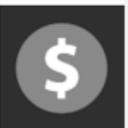
Principle 2 – Structure the Board to add value

Recommendation	Requirement	Comply Yes/No and Explanation
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, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes. The role of the Nomination Committee(NC) is to assist the Board in its oversight of Board member nominations. The NC considers a diverse range of matters related to its role, including: <ul style="list-style-type: none"> • Annual Performance Review of CEO. • Succession planning. • Diversity Strategy. • Recruitment, retention and termination policies. • Nominations and review of applicants for the Board of Director position. • Board Committee appointments. As at the date of this report, the Nomination Committee was comprised of Mr. Malcolm Randall (Chair and Non-Executive Director - Independent) Mr. Stephen Dennis (Non-Executive Director - Independent) and Mr. Mark Sawyer (Non-Executive Director – Non-Independent). As at 30 June 2020, the Nomination Committee comprised of Mr. Malcolm Randall (Chair and Non-Executive Director – Independent), Mr. Stephen Dennis (Non-Executive Director-Independent), and Mr. Brett Hazelden (Executive Director). Refer to Table of Meeting Attendance (above).
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes. Refer to Board Skills Matrix below.
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 describe 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.	Yes Mr. Malcolm Randall (Appointed 14 July 2016) – Resigned as Chairman on 20 August 2020, remaining as non-executive Director - Independent. Length of Service as Director: 4 years 3 months. Mr. Brett Hazelden (Appointed 14 July 2016 – Ceased employment on 24 July 2020) – Executive Director – Chief Executive Officer. Length of Service as Director: 4 years. Mr. Rudolph van Niekerk – (Appointed 14 July 2016 – resigned as Executive Director on 1 May 2020). Rudolph remained as Chief Development Officer until his appointed as CEO on 27 July 2020. Length of Service as Director: 3 years 10 months. Mr. Stephen Dennis (Appointed 26 April 2019) – Independent Non-Executive Director – Appointed as Chairman on 20 August 2020. Length of Service as Director: 1 year 6 months.

Recommendation	Requirement	Comply Yes/No and Explanation
		<p>Mr. Dale Champion (Appointed 6 April 2020) – Non-Independent Non-Executive Director. Length of Service as Director: 6 months.</p> <p>Mr. Brent Smoothy (Appointed 1 May 2020) – Non-Independent Non-Executive Director. Length of Service as Director: 5 months.</p> <p>Mr. Mark Sawyer (Appointed 1 May 2020) – Non-Independent Non-Executive Director. Length of Service as Director: 5 months.</p> <p>Mr. Sam Lancuba (Appointed 14 October 2020) – Independent Non-Executive Director.</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>No.</p> <p>As at the date of this report there are 6 Directors on the Board. 3 of these are Independent Directors.</p> <p>As at 30 June 2020, there were 6 Directors on the Board. 2 of those were Independent Directors.</p> <p>The Company is currently in a transition period following its successful re-capitalisation that was completed in June 2020. The Board is actively working towards ensuring there is a majority of independent directors (evidenced by the recent appointment of another independent non-executive director in October 2020).</p> <p>Despite the above, the Board believes that its composition represents an appropriate balance of executive and non-executive directors to achieve the promotion of shareholder interests and effective governance of the business, given the Company's current size and stage of development (pre-operations). The Board also has access to, and the ability to engage with, senior executives who may also attend Board and Board Committee meetings by invitation.</p>
2.5	The Chair of the board of a listed entity should be independent director and, in particular, should not be the same person as the CEO/Managing Director of the entity.	<p>Yes.</p> <p>As at the date of this report: Mr. Stephen Dennis (Appointed 20 August 2020) as Chairman. Prior to his appointment as Chair, Mr. Dennis was a Non-executive and Independent Director.</p> <p>As at 30 June 2020: Mr. Malcolm Randall was Chairman (Mr. Randall resigned as Chairman on 20 August 2020), remaining as Non-executive Director – Independent as at the date of this report.</p>
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.	<p>Yes.</p> <p>Following appointment, directors are supported through a formal induction program to familiarise them with the operations of the business. This typically involves a combination of meetings with senior management, site visits and briefings on specific issues. This process continues throughout the director's tenure.</p>

Kalium Lakes Limited Skills Matrix



<p>Executive Leadership</p>		<p>Successful career as a senior executive or CEO and <i>Public listed company</i> experience</p>	<p>Advanced Competency = 67% Adequate Competency = 16.5% Some Competency = 16.5%</p>
<p>Health, safety and Environment</p>		<p>Experience related to workplace health, safety and environmental in a large organisation</p>	<p>Advanced Competency = 67% Adequate Competency = 33%</p>
<p>Mining, Resources and Infrastructure</p>		<p>Large mining or project engineering and infrastructure organisation experience</p>	<p>Advanced Competency = 83% Adequate Competency = 17%</p>
<p>Capital Projects</p>		<p>Experience in the delivery of large-scale capital projects including experience in project governance and risk management</p>	<p>Advanced Competency = 67% Adequate Competency = 16.5% Some Competency = 16.5%</p>
<p>Strategy</p>		<p>Experience in developing and implementing successful strategy; ability to provide oversight of management for the delivery of strategic objectives</p>	<p>Advanced Competency = 83% Adequate Competency = 17%</p>
<p>Financial Acumen</p>		<p>Accounting and reporting, corporate finance and internal controls, including assessing quality of financial controls and experience in business analysis and financial forecasting</p>	<p>Advanced Competency = 83% Adequate Competency = 17%</p>

Kalium Lakes Limited Skills Matrix

<p>Risk and Compliance</p>		<p>Forward-looking, able to identify the key risks to the organisation and monitor effectiveness of risk management frameworks and practices</p>	<p>Advanced Competency = 83%</p> <p>Adequate Competency = 17%</p>
<p>Public Policy and Regulation</p>		<p>Experience in managing how organisations adapt and respond to changing public policy settings and overseeing the management of regulatory framework and processes designed to ensure that all regulatory obligations are met</p>	<p>Advanced Competency = 33.3%</p> <p>Adequate Competency = 33.3%</p> <p>Some Competency = 33.3%</p>
<p>Business Development/Sales and Marketing</p>		<p>Commercial and business experience, including development of product, service or customer management strategies, and innovation</p>	<p>Advanced Competency = 83%</p> <p>Adequate Competency = 17%</p>
<p>Stakeholder Management</p>		<p>Experience with community relations, government affairs and human resources management including executive experience with industrial relations</p>	<p>Advanced Competency = 83%</p> <p>Adequate Competency = 17%</p>
<p>Corporate Governance</p>		<p>Knowledge, experience and commitment to the highest standards of governance, directors' duties and legal requirements.</p>	<p>Advanced Competency = 83%</p> <p>Some Competency = 17%</p>

Principle 3 – Act ethically and responsibly

Recommendation	Requirement	Comply Yes/No and Explanation
3.1	A listed entity should: <ol style="list-style-type: none"> (a) Have a code of conduct for its directors, senior executives and employees; and (b) Disclose that code or a summary of it. 	Yes. Refer Company's Code of Conduct Policy on its website. http://www.kaliumlakes.com.au/corporate-governance

Principle 4 – Safeguard integrity in corporate reporting

Recommendation	Requirement	Comply Yes/No and Explanation
4.1	<p>The board of a listed entity should:</p> <ol style="list-style-type: none"> (a) Have an audit committee which: <ol style="list-style-type: none"> 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 the 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 <p>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>Yes (as at the date of this report). No, as at 30 June 2020.</p> <p>As at the date of this report, the Audit and Risk Committee (ARC) comprised of Mr. Malcolm Randall (Chair and Non-Executive Director, Independent), Mr. Stephen Dennis (Non-Executive Director and Independent) and Mr. Mark Sawyer (Non-Executive Director and Non-Independent).</p> <p>As at 30 June 2020, the Audit and Risk Committee comprised of Mr. Malcolm Randall (Chair and Non-Executive Director, Independent) and Mr. Stephen Dennis (Non-Executive Director and Independent). We note that Mr. Rudolph van Niekerk, resigned as Executive Director on 1 May 2020, and at this date also stepped down from the ARC. This resulted in there only being two Non-Executive and Independent Directors on the ARC at 30 June 2020.</p> <p>The Company is currently in a transition period following its successful re-capitalisation that was completed in June 2020. As at 30 June 2020 and at the date of this report, the Company was in the process of re-organising its Board and sub-committees.</p> <p>Refer to Table of Meeting Attendance (above).</p> <p>The role of the ARC is to assist the Board in ensuring that there is effective oversight of published financial information, there are sound systems of internal control and effective management of risk. The ARC considers a diverse range of matters related to its role including:</p> <ul style="list-style-type: none"> • Assisting the Board in its oversight responsibilities for all matters related to corporate governance and sustainability, financial management, tax governance, risk management and reporting of the Company. • Understanding and endorsing the Company's risk appetite • Reviews the extent to which management has established an effective system of risk management and internal control. • Reviews the Company's risk profile by comparison to its risk appetite. • Undertakes periodic reviews of the Company's most significant risks and whether risk management strategies are appropriate. • Oversight and monitoring the activities of the any internal audit functions including the external auditors.
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>No.</p> <p>Prior to the approval of the Company's annual financial statements for the year ended 30 June 2020, the Board obtained a declaration from its Chief Executive Officer (CEO) and Chairman, that, in their opinion, the financial records of the Company had been properly maintained and that the financial statements complied with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. This year's failure to comply with the recommendation in full was an oversight by the Company and the Company will ensure that it complies with the recommendation, in full, in future periods.</p> <p>The Board does not receive declarations from the CEO (or equivalent) and CFO (or equivalent) in respect to the quarterly cash flow reports prepared and lodged in compliance with Appendix 5B of the Listing Rules, as these quarterly cash flow reports are considered by the Board:</p> <ul style="list-style-type: none"> • Not to be a financial report or interim financial report as defined under Australian Accounting Standards and/or; • Not to be capable, as a standalone report, of giving a true and fair view of the financial position and performance of the Company, only its cash flows for the relevant reporting period.

Recommendation	Requirement	Comply Yes/No and Explanation
4.3	A listed entity should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>Yes.</p> <p>RSM Australia (RSM) is the current external auditor of the Group. It is RSM's policy to rotate audit engagement partners every five years in accordance with the Corporations Act 2001. The Company's external auditor attends every Annual General Meeting as required by the Corporations Act 2001, and members are allowed a reasonable opportunity at the meeting to ask the auditor questions relevant to the audit, their report and independence, and the accounting policies adopted by the Company.</p>

Principle 5 – Make timely and balanced disclosure

Recommendation	Requirement	Comply Yes/No and Explanation
5.1	A listed entity should: <ul style="list-style-type: none"> (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) Disclose that code or a summary of it. 	Yes. The Board understands the importance of keeping shareholders and other stakeholders fully informed of material information in relation to the Company's activities on a timely basis. For this purpose, the Company has established a Shareholders Communication Policy and Continuous Disclosure Policy, copies of which are available in the Corporate Governance section of the Company's website.

Principle 6 – Respect the rights of security holders

Recommendation	Requirement	Comply Yes/No and Explanation
6.1	A listed entity should provide information about itself and its governance to investors via a website.	Yes. Refer to http://www.kaliumlakes.com.au
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes. Shareholders are encouraged to attend the Annual General Meeting, which is the forum for shareholders to vote on key business issues, including election of directors, changes to the Company's Constitution, adoption of the Company's annual financial report and incentive arrangements. Shareholders are advised of the locations to access the Company's Annual Report and if requested, receive a printed copy of the Report. Documents relating to each General Meeting, being the Notice of Meeting, any Explanatory Memorandum and a Proxy Form are mailed to shareholders together with an invitation to attend these meetings. Shareholders may elect to receive communications electronically. With regard to general disclosures at media briefings or public presentations, only the Chairman, the CEO, the Company Secretary and / or their delegated persons are authorised to issue public comments on behalf of the Company or provide journalists and members of the investment community with information. Copies of announcements to the ASX, investor briefings, half yearly financial report, quarterly production results, the Annual Report and other relevant information are posted to the Company's website at; www.kaliumlakes.com.au
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of its security holders.	Yes. Refer to http://www.kaliumlakes.com.au/corporate-governance
6.4	A listed entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.	Yes. Via the Computershare Investor Centre online facility www.investorcentre.com

Principle 7 – Recognise and manage risk

Recommendation	Requirement	Comply Yes/No and Explanation
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> <ol style="list-style-type: none"> 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 <p>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>Yes (as at the date of this report). No as at 30 June 2020.</p> <p>As at the date of this report, the Audit and Risk Committee comprised of Mr. Malcolm Randall (Chair and Non-Executive Director, Independent), Mr. Stephen Dennis (Non-Executive Director and Independent) and Mr. Mark Sawyer (Non-Executive Director and Non-Independent).</p> <p>As at 30 June 2020, the Audit and Risk Committee comprised of Mr. Malcolm Randall (Chair and Non-Executive Director, Independent) and Mr. Stephen Dennis (Non-Executive Director and Independent). We note that Mr. Rudolph van Niekerk, resigned as Executive Director on 1 May 2020, and at this date also stepped down from the ARC. This resulted in there only being two Non-Executive and Independent Directors on the ARC at 30 June 2020.</p> <p>The Company is currently in a transition period following its successful re-capitalisation that was completed in June 2020. As at 30 June 2020 and at the date of this report, the Company was in the process of re-organising its Board and sub-committees.</p> <p>Refer to Table of Meeting Attendance (above).</p> <p>The role of the ARC is to assist the Board in ensuring that there is effective oversight of published financial information, there are sound systems of internal control and effective management of risk.</p> <p>The ARC considers a diverse range of matters related to its role including:</p> <ul style="list-style-type: none"> • Assisting the Board in its oversight responsibilities for all matters related to corporate governance and sustainability, financial management, tax governance, risk management and reporting of the Company. • Understanding and endorsing the Company's risk appetite • Reviews the extent to which management has established an effective system of risk management and internal control. • Reviews the Company's risk profile by comparison to its risk appetite. • Undertakes periodic review of the Company's most significant risks and whether risk management strategies are appropriate. • Oversight and monitoring the activities of any internal audit functions including the external auditors.
7.2	<p>The board or a committee of the board should;</p> <ol style="list-style-type: none"> (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 review has taken place. 	<p>Yes.</p> <p>For the 2020 financial year, management provided the Board the Company's Risk Register summarising the significance of each risk as well as actions taken by management to mitigate the risks. Management also provided to the Board a report on the effectiveness of the Company's management of its material business risks throughout the 2019/20 year.</p>
7.3	<p>A listed entity should disclose:</p> <ol style="list-style-type: none"> (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. 	<p>No.</p> <p>The Board has not established an internal audit function at this time. The Board as a whole oversees the effectiveness of risk management and internal control processes.</p> <p>Refer the Company's Risk Management, Internal Compliance and Control Policy available on the Company's website. http://www.kaliumlakes.com.au/corporate-governance</p> <p>The Board believes that the Company is not of a size to justify having an internal audit function for efficiency purposes. The Company evaluates its risk management and internal control processes in consultation with its external auditor with a view to continually improving its effectiveness.</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>Yes.</p> <p>The material risks faced by the Company that could have an effect on the Company's future prospects include:</p> <ol style="list-style-type: none"> (a) Development of the Beyondie Potash Project (b) Future operations of the Beyondie Potash Project (c) Staff and owners team recruitment and retention (d) Compliance with Financing Arrangements (e) Contractual Risks (f) COVID-19 Risk (g) Dependence on key contractors (h) Going Concern (i) Underwriting risk (j) Future capital requirements (k) Operational risks

Recommendation	Requirement	Comply Yes/No and Explanation
		(l) Commodity price volatility (m) Currency volatility (n) Purification facility design, operation, recovery and product specification (o) Inability to abstract brine volume (p) Variability in brine (q) Resource and Reserve estimates and classification (r) Evaporation pond design (s) Title Risk (t) Exploitation, exploration and mining licenses (u) Change in regulations (v) Environmental risk (w) Environmental and other statutory approvals (x) Insurance (y) Third party risk (z) Contractual disputes (aa) Competition (bb) New commodity and lack of operational experience (cc) Inclement weather and Natural Disasters (dd) Risk of Shareholder dilution

Principle 8 – Remunerate fairly and responsibly

Recommendation	Requirement	Comply Yes/No and Explanation
8.1	The board of a listed entity should: (a) Have a remuneration committee which; 1) Has at least three members, a majority of whom are independent directors; and 2) Is chaired by an independent director, and disclose 3) The charter of the committee; 4) The members of the committee; and 5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes. The role of the Remuneration Committee (RC) is to assist the Board in its oversight of remuneration policy and practice. As at the date of this report, the Remuneration Committee comprised of Mr. Malcolm Randall (Chair and Non-Executive Director, Independent), Mr. Stephen Dennis (Non-Executive Director and Independent) and Mr. Mark Sawyer (Non-Executive and Non-Independent). As at 30 June 2020, the Remuneration Committee comprised of Mr. Malcolm Randall (Chair and Non-Executive Director, Independent), Mr. Stephen Dennis (Non-Executive Director and Independent) and Mr. Brett Hazelden (Executive Director). Refer to Table of Meeting Attendance (above). The RC considers a diverse range of matters related to its role, including: <ul style="list-style-type: none"> • Remuneration Strategy. • Non-executive Director remuneration. • Chief Executive Officer and executive director remuneration policy. • Senior executive remuneration policy. • Short term and long-term incentive plans. Full details of the Committee’s activities on behalf of the Board related to remuneration matters are set out in the Remuneration Report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes. The Board, through the Remuneration and Nomination Committees, periodically reviews the performance of senior executives. A review was performed in FY20 and the results have been incorporated into remuneration results. Details of the remuneration policies and the remuneration paid to directors (executive and non-executive) and executives are set out in the Remuneration Report section of the 2020 Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes. The Company’s Directors and Executives must not enter into any hedge arrangement in relation to any performance rights or options they may be granted or otherwise entitled to under an incentive scheme or plan, prior to exercising those rights, or once exercised, while the securities are subject to a transfer restriction. Further details regarding the Company’s hedging policy are set out in the Company’s Securities Trading Policy which are available on the Company’s website. http://www.kaliumlakes.com.au/corporate-governance