

The Corporate Governance Principles and Recommendations

Principle 1 – Lay solid foundations for management and oversight

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions 	✓		Matters Reserved for the Board Statement. Adopted by resolution of directors dated • Note: In order to fully comply with this principle the Statement will be disclosed on the Company’s website. [NTD: Matters delegated to senior executives is by default all other matters not reserved for the board]
<ul style="list-style-type: none"> Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives 	☒	At the time of adoption of the Corporate Governance Principles and Recommendations the company only employed one executive being the Managing Director. The Managing Director is effectively under a constant process of performance evaluation as measured by the Company’s market capitalisation/share price at a point in time compared to previous periods or points in time. No other process is currently adopted for evaluating the performance of senior executives however, the Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged.	

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Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> • Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1 	✓		Matters Reserved for the Board” will be disclosed on the Company’s website (section •)

Principle 2 – Structure the board to add value

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> • Recommendation 2.1: A majority of the board should be independent directors 	<input checked="" type="checkbox"/>	Given the Company’s background, the nature and size of its business and the current stage of its development the board comprises three directors, two of whom are non-executive (including the independent Chairman). The board believes that this is both appropriate and acceptable at this stage of the Company’s development.	
<ul style="list-style-type: none"> • Recommendation 2.2: The chair should be an independent director 	✓		Chairman’s Independence Declaration dated • (to be updated annually)
<ul style="list-style-type: none"> • Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual 	✓		The position of Chairman and Managing Director are held by separate persons
<ul style="list-style-type: none"> • Recommendation 2.4: The board should establish a nomination committee 	✓		The Nomination Committee comprises the full board and this committee carries out its functions in accordance with the Nomination Committee Charter as disclosed on the

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Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
			Company's website.
<ul style="list-style-type: none"> • Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors 	✓	Performance evaluation of the Board, Directors and Key Executives is the responsibility of the Nomination Committee.	
<ul style="list-style-type: none"> • Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2 	✓		Independency is assessed following completion of a Directors' Independency Questionnaire which is updated annually by each director. The independency status is disclosed annually in the Annual Report (Directors Report section) and on the Company's website (Company's Management – Directors Biographies)

Principle 3 – Promote ethical and responsible decision-making

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> • Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> ○ the practices necessary to maintain confidence in the company's integrity ○ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ○ the responsibility and accountability of individuals for reporting and 	✓		Code of Conduct adopted by resolution of directors on •

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Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
investigating reports of unethical practices			
<ul style="list-style-type: none"> Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy 	✓		Code for Dealing in Securities adopted by resolution of directors on •
<ul style="list-style-type: none"> Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3 	✓		Code of Conduct and Code for Dealing in Securities disclosed on website (Corporate Governance – •)

Principle 4 – Safeguard integrity in financial reporting

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> Recommendation 4.1: The board should establish an audit committee 	✓		Audit Committee established by resolution of directors dated •
<ul style="list-style-type: none"> Recommendation 4.2: The audit committee should be structured so that it: <ul style="list-style-type: none"> ○ consists only of non-executive directors ○ consists of a majority of independent directors ○ is chaired by an independent chair, who is not chair of the board ○ has at least three members 	<ul style="list-style-type: none"> ✓ <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> ✓ 		As established by resolution of directors on • the Audit Committee consists of Messrs Sharwood, Howison and Smith. Per Directors Independence Declarations dated • Mr Sharwood is the only independent member of the Audit Committee. Mr Howison, a non-independent director, is chair of the Audit Committee
<ul style="list-style-type: none"> Recommendation 4.3: The audit committee should have a formal charter 	✓		Audit Committee Charter adopted by resolution of directors dated •

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Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4 	✓		Members of Audit Committee are disclosed in Annual Report (Directors' report – Biography) and on website (Company's Management – Directors Biographies)

Principle 5 – Make timely and balanced disclosure

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies 	✓		Continuous Disclosure Policy adopted by resolution of directors on •.
<ul style="list-style-type: none"> Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5 	✓		The Continuous Disclosure Policy is disclosed on the website (Corporate Governance – •)

Principle 6 – Respect the rights of shareholders

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy 	✓		Shareholder Communication Policy adopted by resolution of directors on •

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Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> • Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6 	✓		Shareholder Communication strategy disclosed on website (•[insert location])

Principle 7 – Recognise and manage risk

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> • Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies 	✓		Risk Management Committee and Risk Management Charter established by directors resolution dated •
<ul style="list-style-type: none"> • Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks 	✓		
<ul style="list-style-type: none"> • Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of 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 	✓		CEO and CFO will be required to furnish required statement at each audit

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Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7 	✓		Risk Management Charter available on Website (Location ●)

Principle 8 – Remunerate fairly and responsibly

Recommendation	Comply	Proposed Wording of reasons for non-compliance, if applicable, for Corporate Governance Statement to be included in Annual Report	Manner of compliance (Committee, Policy or Charter or
<ul style="list-style-type: none"> Recommendation 8.1: The board should establish a remuneration committee 	✓		Remuneration Committee formed and committee members appointed by resolution of directors dated ●
<ul style="list-style-type: none"> Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives 	✓		Remuneration Committee Charter adopted by resolution of directors ●. The charter includes guidelines for the structure of non-executive directors' remuneration and that of executive directors and senior executives.
<ul style="list-style-type: none"> Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8 	✓		The existence and members of the Remuneration Committee are disclosed in the Annual Report (●) and on the website (section ●)

Audit Committee Charter

The Charter of the Audit Committee is to:

- review the annual, half-year and concise (if any) financial reports and other financial information distributed externally, including new accounting policies to ensure compliance with International Accounting Standards and generally accepted accounting principles.

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- monitor corporate risk assessment processes.
- consider whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor is to provide an annual declaration of independence.
- review the nomination and performance of the external auditor.
- monitor the establishment of appropriate ethical standards.
- monitor the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements.
- address any matters outstanding with auditors, Australian Taxation Office (ATO), Australian Securities and Investments Commission (ASIC), ASX Limited (ASX) and financial institutions.
- review the performance of the external auditors on an annual basis and meets with them during the year as follows:
 - to discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed.
 - to review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings.
- recommend Board approval of these documents and to finalise half-year and annual reporting.
- review the results and findings of the auditor, the adequacy of accounting and financial controls and to monitor the implementation of any recommendations made.
- review the draft financial report and recommend Board approval of the financial report.
- organise, review and report as required on any special reviews or investigations deemed necessary by the Board.

Adopted by resolution of directors dated ●

Code for Dealing in Securities

1. INTRODUCTION

This Code for Dealing in Securities (“**Code**”) sets out the requirements for Directors, employees, consultants and contractors of Laconia (collectively “**Laconia Personnel**”) dealing in Laconia securities. In order to ensure that Laconia Personnel do not inadvertently breach the insider trading provisions of the Corporations Act, Laconia Personnel are only permitted to deal in Laconia securities in limited circumstances determined by this Code. These limited circumstances are called “**trading windows**” and are determined by the provisions of this Code.

Even during trading windows, a securities dealing written request must be submitted to and approved by the Chair or his delegate prior to any dealing in Laconia securities.

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Subject to the overriding restriction that persons may not deal in any securities when they are in possession of inside information, Laconia Personnel may not deal in Laconia securities during certain periods as set out in this Code.

2. PROHIBITED CONDUCT UNDER INSIDER TRADING PROVISIONS

2.1 The Company

- (a) As a matter of law, all Laconia Personnel must not deal (meaning any change whatsoever including, but not limited to, any sale, purchase, exercise of options (even if due to expire), discharge of any right or obligation, or transfer) in Laconia securities where:
- they possess information which is not generally available;
 - that information may have a material effect on the price or value of Laconia securities; and
 - they know or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the price of Laconia securities, as such information constitutes inside information.
- (b) Laconia Personnel with inside information must comply with this policy in relation to insider trading which has been approved by the Board.

2.2 Other Companies

The laws regarding insider trading extend to dealings in securities of any companies about which a person possesses material price sensitive information which is not generally available including for example, companies in a joint venture with Laconia.

3. POLICY FOR DEALING IN SECURITIES

Subject to the restriction that no Laconia Personnel must deal in any securities when they are in possession of inside information, the following restrictions also apply:

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- (a) Laconia Personnel are not permitted to deal in Laconia securities in the following periods:-
- two weeks before the release of Laconia's quarterly reports;
 - two weeks before the release of Laconia's annual results;
 - two weeks before the release of Laconia's half yearly report.
- (b) Laconia Personnel are not permitted to deal in Laconia securities on the day of release or the day immediately following the release of quarterly, half yearly or annual financial results.
- (c) Laconia Personnel are not permitted to deal in Laconia securities during a trading window when there exists any matter which constitutes inside information in relation to Laconia securities (whether or not such person has knowledge of such matter) and the proposed dealing would (if permitted) take place before the time when it has become reasonably probable that an announcement will be required in relation to that matter. This is a measure for the benefit and protection of Laconia Personnel and Laconia to ensure dealing in Laconia securities by Laconia Personnel is, at all times, transparent and free of any potential controversy.

Company options for ordinary shares may only be exercised in accordance with the terms and conditions of those options and in accordance with the requirements governing their issue, and, further, in accordance with this Code. In addition, any dealing of Laconia securities acquired upon exercise of options must only occur in accordance with this Code.

Where options are held by any Laconia Personnel and the expiry date of those options is imminent, special permission for exercise may need to be obtained from the relevant stock exchanges on which the Company is listed if the application of this Code would otherwise prevent exercise of those options.

4. CLEARANCE REQUEST

All Laconia Personnel wishing to deal in Laconia securities within a trading window must request for approval. The Chairman will determine such request.

5. GENERAL OBSERVATIONS

If any Laconia person possesses inside information that is not generally available, such person is prohibited from procuring any other person to deal in those securities and from directly or indirectly communicating the information to another person who the Laconia person believes is likely to deal in, or procure another person to deal in, those securities.

It is important that any Laconia person who possesses inside information that is not generally available does not recommend or otherwise suggest to any person or associates (including a spouse, relative, friend or any trustee of a trust or family company) to deal in Laconia securities.

Accordingly, this Code applies equally to persons acting for Laconia Personnel or with whom it may appear Laconia Personnel may communicate the inside information – that is, the spouse, children, family trusts, family companies of Laconia Personnel or other associates of Laconia Personnel must not deal in Laconia securities otherwise than in accordance with this Code.

Laconia Personnel should also ensure that before any external body of which they are a member, director, representative or trustee (for example, personal or family superannuation funds) undertakes any transaction regarding Laconia securities, that any dealing in Laconia securities complies with this Code.

This Code will be administered by the Company Secretary with input from the Chair. The Company Secretary will be available to answer any questions you may have in relation to it. However, neither

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Laconia nor the Company Secretary is to be held responsible for any answers or any act or omission by you in reliance on those answers. It is your responsibility to comply with the law so if you are in any doubt you should obtain your own legal advice.

This Code is subject to regular review by the Board and will be amended as and when appropriate.

Adopted by resolution of directors dated ●

Code of Conduct

Each Company employee should apply the principles of the Code to relationships with each other, with our employer and with all those with whom we deal in our work for the Company. Our Code is a guide for the way we operate.

When representing the Company, we will abide by the following minimum standards:

1. We treat each other with respect and dignity

- We maintain a safe and fair work environment
- Every one is entitled to be treated with respect as a person, regardless of role or individual differences
- We value our people and their personal commitment to delivering value to shareholders
- We encourage co-operation, learning and growth in all who work with us
- We strive to understand and respond to the needs of the Company stakeholder

2. We respect the law and act accordingly

- We respect the laws, customs and business practices of the communities in which we operate, but do not compromise the principles embodied in this Code
- We notify the Managing Director or another Board member immediately of any breach of the law
- In interpreting the law, we adopt a course which preserves integrity

3. We are fair and honest in our dealings

- We are fair and honest even when we believe others will not know of our actions
- Honesty, for us, means not using coercive or misleading practices or falsifying or wrongfully withholding information.
- We do not place ourselves in situations in which our private interests could conflict directly or indirectly with our obligations to the Company.
- We do not accept benefits such as gifts or entertainment when the situation could be seen as creating an obligation
- We do not act in ways which may cause others to question our loyalty to the Company

4. We use the Company's property responsibly and in the best interest of the Company and its reputation

- We do not use Company funds to provide unreasonable benefits such as gifts or entertainment for ourselves or others

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- We use the Company's property for the Company's business purposes

5. We are responsible for our actions and accountable for their consequence

- We take personal responsibility for all issues over which we have control and the manner in which these are achieved.

Adopted by resolution of directors dated •

CONTINUOUS DISCLOSURE POLICY

Purpose

The purpose of the Continuous Disclosure Policy is to:

- ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and ASX Limited ("**ASX**") Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
- promote investor confidence in the integrity of the Company and its securities.

This Policy contains all continuous disclosure requirements under the Listing Rules and the Corporations Act, and incorporates best practice guidelines..

Legal requirements

The Company is a public company listed/aiming to be listed on ASX. It is/will be subject to continuous disclosure requirements under the Corporations Act and the Listing Rules (which are given legislative force under section 674 of the Corporations Act), in addition to the periodic and specific disclosure requirements.

The Rule: The primary continuous disclosure obligation is contained in Listing Rule 3.1, which states that:

"Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."

The Exception: Listing Rule 3.1A contains the only exception to Listing Rule 3.1:

"Listing Rule 3.1 does not apply to particular information while all of the following are satisfied:

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies:*
 - (a) *It would be a breach of a law to disclose the information.*
 - (b) *The information concerned an incomplete proposal or negotiation.*

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(c) *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*

(d) *The information is generated for internal management purposes of the entity.*

(e) *The information is a trade secret."*

Disclose to ASX first: Listing Rule 15.7 further requires that an entity must not release information that is for release to the market to anyone until it has given the information to ASX, and has received an acknowledgement from ASX that the information has been released to the market.

What is material price sensitive information?: Section 677 of the Corporations Act states that, a reasonable person would be taken to expect information to have a "material effect on the price or value" of securities if the information "*would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of*" those securities.

Correction of false market: Listing Rule 3.1B provides that if ASX considers that there is, or is likely to be, a false market in an entity's securities, and requests information from the entity to correct or prevent the false market, the entity must give ASX the information needed to correct or prevent the false market.

Disclosure principle

The Company will immediately notify ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless exempted by the Listing Rules. The Company's securities include all shares and options issued and granted by the Company.

Disclosure of material price sensitive information

Any information concerning the Company which would, or would be likely to, influence investors in deciding whether to acquire or sell the Company's securities (material price sensitive information) must be disclosed to ASX in accordance with this Policy.

The Managing Director is responsible for determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the full Board will be consulted, and if necessary, seek external advice. The following provides a guide as to the type of information that is likely to require disclosure. This is not an exhaustive list. The determination of whether certain information is material price sensitive information which is subject to continuous disclosure necessarily involves the use of judgment. There will inevitably be situations where the issue is less than clear.

Matters which generally require disclosure include:

- significant exploration or mining results;
- a change in the quantum or nature of the Company's mineral resources and/or reserves;
- a change in the Company's financial forecasts or expectations. As a guide, a variation in excess of 10% may be considered material. If the Company has not made a forecast, a similar variation from the previous corresponding period may be considered material;
- a recommendation or declaration of a dividend or distribution, or a decision one will not be declared;
- changes in the Board of Directors, senior executives or auditors.
- a change in the Company's accounting policy;
- an agreement between the Company (or a related party or subsidiary) and a director (or a related party of the director).

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- events regarding the Company shares, securities, financing or any default on any securities (e.g. under or over subscriptions to an issue of securities, share repurchase program);
- giving or receiving a notice of intention to make a takeover offer;
- a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets (an amount of 5% or more would normally be significant but a smaller amount may qualify in a particular case);
- mergers, acquisitions/divestments, joint ventures or changes in assets;
- significant developments in regard to new projects or ventures;
- major new contracts, orders, or changes in suppliers or customers;
- legal proceedings against or allegation of any breach of the law, whether civil or criminal, by the Company;
- natural disasters or accidents that have particular relevance to the businesses of the Company; or
- the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by the Company or any of its subsidiaries.

Adopted by resolution of directors dated •

Matters Reserved for the Board

The Board's primary role is to represent shareholders and to promote and protect the interests of Laconia Resources Limited by governing the Company.

To fulfill this role the Board is responsible for:

- Overseeing the activities of the Company, including its control and accountability systems;
- Appointing and removing the *Managing* Director or equivalent;
- Where appropriate ratifying the appointment and removal of senior executives reporting to the Managing Director;
- Providing input into and final approval of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal control;
- Monitoring performance and implementation of strategy;
- Approving policies of Company-wide and general application;
- Approving and monitoring budgets, capital management and acquisitions and divestments;
- Approving and monitoring all financial reporting to the market;

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- Appointment of external auditors and principal professional advisors; and
- Formal determinations that are required by the Company's constitutional documents or by law or other external regulation.

These responsibilities are designed to provide strategic guidance for the Company and effective oversight management.

Beyond those matters, the Board has delegated all authority to the Managing Director for management of the Company's business within any limits imposed by the Board.

Adopted by resolution of directors dated •

Nomination Committee Charter

Composition

The full board carries out the duties that would normally fall to the Nomination Committee

Role

The role of the Nomination Committee is to identify and recommend candidates to fill casual vacancies and to determine the appropriateness of director nominees for election to the Board.

Operations

The committee is to meet at least annually and otherwise as required. Minutes of all meetings of the committee are to be kept.

Responsibilities

The responsibilities of the Nomination Committee are:

- to implement processes to assess the necessary and desirable competencies of Board members including, experience, expertise, skills and performance of the Board and its committees;
- to provide new directors with an induction to the Company;
- to provide all directors with access to ongoing education relevant to their position in the Company;
- provide a succession plan for directors and managing director;
- evaluate on the performance of the managing director;
- review time required for non-executive directors to perform their duties;
- annually evaluate the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of shareholders;

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- before recommending an incumbent, replacement or additional director, review his or her qualifications, including capability, availability to serve, conflicts of interest, and other relevant factors;
- assist in identifying, interviewing and recruiting candidates for the Board;
- annually review the composition of each committee and present recommendations for committee memberships to the Board as needed.

Adopted by resolution of directors dated •

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Adopted by resolution of directors dated •

Remuneration Committee Charter

Composition

The full board carries out the duties that would normally fall to the Remuneration Committee.

The Remuneration Committee shall appoint an independent director as the chairman of the committee.

The company secretary shall be the secretary of the Remuneration Committee.

Operations

Remuneration Committee meetings will be held not less than once a year to enable the committee to undertake its role effectively.

Role

The Remuneration Committee is authorised by the Board to investigate any activity within its charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Remuneration Committee.

The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Remuneration Committee if it considers this necessary.

The Remuneration Committee is required to make recommendations to the Board on all matters within the Remuneration Committee's charter.

Reporting procedures

The Secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the committee for comment and change before being signed by the chairman of the committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Remuneration Committee meeting along with any recommendations of the Remuneration Committee.

Responsibilities

The duties of the Remuneration Committee are to:

1. assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for directors and senior executives;
2. assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
3. obtain the best possible advice in establishing salary levels;
4. set policies for senior executives' remuneration;
5. review the salary levels of senior executives and make recommendations to the Board on any proposed increases;
6. review recommendations from the MD relating to proposed merit increases;

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7. propose, for full Board approval, the terms and conditions of employment for the MD;
8. undertake a review, which will be reported to and confirmed by the full Board, of the MD's performance, at least annually, including setting the MD goals for the coming year and reviewing progress in achieving those goals;

9. set the criteria for negotiating any enterprise bargain agreement;
10. review the company's recruitment, retention and termination policies and procedures for senior management;
11. review and make recommendations to the Board on the company's incentive schemes;
12. review and make recommendations to the Board on the company's superannuation arrangements; and
13. review the remuneration of both executive and non-executive Directors and make recommendations to the Board on any proposed changes.

Adopted by resolution of directors dated •

Risk Management Charter

Established by the Board

The Risk Committee is established by the Board of Laconia Limited to ensure that Laconia Limited and its subsidiaries (the "Group") have established a sound system of risk management. This Committee is primarily responsible for operational and other non-financial risks. (The Audit Committee is responsible for financial and information technology risks).

1. Purpose of the Committee

The Committee is established to monitor and review on behalf of the Board the system of risk management which the Group has established. This system should identify, assess, monitor and manage operational and compliance risks.

The Risk Committee determines the Group's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control.

The Committee will report to the Board on this system of risk management and make appropriate recommendations to ensure the adequacy of the system.

Although it is not possible to provide absolute assurance that all corporate risks will be fully avoided or even mitigated, the Committee should aim to minimise any adverse impact on the Group that may result from the occurrence of an identifiable corporate risk.

2. Composition of the Risk Committee

The Committee will consist of at least three members, with at least two members being non-executive directors. The Chairman must not be the Chairman of the Board. Committee membership will be reviewed at least annually. A quorum shall be any two members.

The Committee may invite attendance from any staff of the company and seek external advice to assist in its duties. A standing invitation to attend Committee meetings is extended to the Chairman of the Board and the Chief Executive Officer (the "CEO").

If a member or attendee has a conflict of interest in a matter this must be indicated at the commencement of the meeting. However, the Committee will have the discretion to allow the person to participate in the relevant item or not, according to the Group's policy on conflicts of interest.

3. Meetings

Meetings will be held at least two times per year. The Committee must review and update its Charter and assess the Committee's effectiveness annually, with a view to ensuring that its performance accords to as great an extent as is mandatory and otherwise practical, with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as amended from time to time.

4. Duties and responsibilities of the Committee

In fulfilling its purpose outlined in section 2, the Committee should ensure that:

- it communicates any material changes to the Board as to the management of risk, the risk profile, and the associated internal controls of the Group; risks are identified and monitored through a systematic review of the organization and its operations;
- a risk register is maintained which describes the risks, the likelihood of occurrence, mitigating strategies and consequential risk. These must be updated regularly and reviewed by the Committee every six months;
- adequate policies and procedures have been designed and implemented to manage risks identified;
- proper remedial action is undertaken to redress areas of weakness identified by the system of risk management and/or the Committee;
- a system of reporting and investigating incidences, breaches or excessive risks operates effectively;
- when requested to do so by the Board or when the Committee considers appropriate, an investigation can be undertaken and reported to the Board on any risk-related matters;
- there is a system whereby the CEO and the Board are immediately notified of any information which might have a material effect on the price or value of the Laconia's securities, and that such information is released to the ASX in accordance with the requirements of the Company's disclosure policy and the ASX Listing Rules;
- obtaining, each year, a statement from the CEO, Chief Financial Officer (the "CFO") and the Chief Operating Officer (the "COO") or any of their equivalents, to the Board that the company's risk management and internal compliance and control system is operating effectively in all material respects;
- the Charter is made publicly available on the website; and
- the annual report explains any departures by the Group from the Charter.

5. Specific risks to be managed by the Committee

Outlined below are some specific operational and compliance risks inter alia, which are the responsibility of the Committee.

The Committee is responsible for:

- promoting and supporting an organisational culture that is committed to risk management through open communication and effective risk management leadership;
- implementing a structured risk management training program to educate management and staff in the awareness of corporate risks and best practices in the management of corporate risks; reviewing the Group's main corporate governance practices as required under the ASX Listing Rules for completeness and accuracy;
- ensuring appropriate policies, procedures, controls and monitoring and reporting mechanisms have been adopted by the Group to prevent breaches of and ensure compliance with all relevant legislation and regulations, including but not limited to OH&S, Industrial Relations, Environmental and Trade Practices,;
- ensuring there is adequate employee education and support to facilitate safety, security and good health in the workplace and monitoring of workplace safety;
- ensuring that the Group operates in accordance with the terms of all licences and permits issued to it by any government body or any other authority;
- ensuring that the management of the Group pays due attention to ethical considerations in implementing the Group's policies and practices;
- adopting procedures and policies for the improvement and preservation of the reputation of the Group; and

- ensuring that the Group has effected appropriate insurance.

SHAREHOLDER COMMUNICATION POLICY

The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

- the Annual Financial Report is distributed to all shareholders (who specifically request to receive the document), including relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments. The full Annual Financial Report is also available on the Company website.
- the Half - yearly report contains summarised financial information and a review of the operations of the Company during that period. The audited Half – year financial report is lodged with ASIC and the ASX and sent to any shareholder who requests it as well as being published on the Company website.
- proposed major changes in the Company, which may impact on share ownership rights are submitted to shareholder vote.
- the Company presents exhibits at industry conferences which provides opportunity for the shareholders to gather information about the Company , it is also an opportunity to meet members of the Board and senior management.
- all documents that are released publicly are made available on the Company website and e-mailed to shareholders and investors who have provided their relevant details to the Company.
- the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.
- the shareholders are requested to vote on the appointment and aggregate remuneration of the Directors the granting option and shares to Directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

Adopted by resolution of directors dated •