

**AURA ENERGY LIMITED**  
**(ACN 115 926 681)**

**Corporate Governance Statement**  
**2018 Edition**

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## **1.0 Corporate Governance at Aura**

Aura is committed to a high level of corporate governance with strong ethical behaviour, integrity and respect notwithstanding its relative size to other exploration entities listed on the Australian Securities exchange. The Company believes that adopting and operating in accordance with high standards of corporate governance is essential for its long-term future.

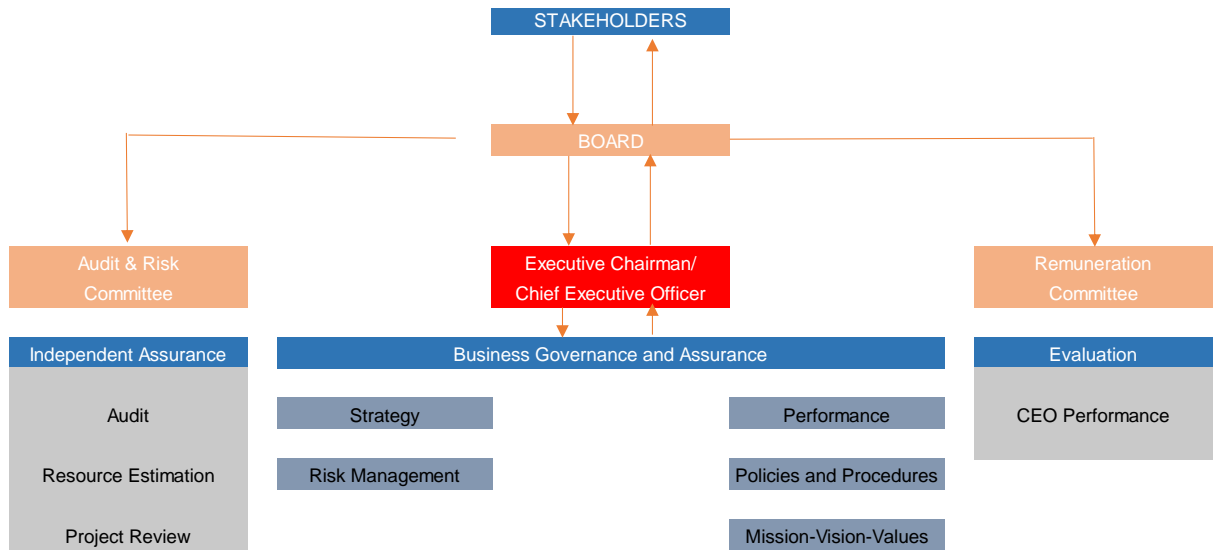
This Statement sets out key governance principles and practices for Aura and its controlled entities operating in Mauritania and Sweden. These principles and practices are reviewed on a biannual basis or earlier if developments in the external environment arising from changes in law and best practices in corporate governance demand such a review.

Aura's Strategic Framework core to its governance. The Strategic Framework set the mission, vision and strategic direction and values of the Company. The corporate governance model illustrated below illustrates the Aura Management System (AMS). It sets out the way Aura works to enable it to understand its and manage its exploration projects to achieve its objective of creating value for stakeholders.

The Company, as a listed entity, must comply with the Corporations Act 2001 (Cth), the ASX Listing Rules, and other Australian and international laws. The ASX Listing Rules require the company to report on the extent to which it has followed the Corporate Governance Recommendations contained in the ASX Corporate Governance Council's third edition of its Corporate Governance Principles and Recommendations (ASXCGC Recommendations). Throughout the financial year ending 30 June 2018, Aura has not fully complied with all the ASXCGC Recommendations. A checklist cross-referencing the ASXCGC Recommendations to the relevant sections of this Statement and the 2018 Remuneration Report is set out below.

Aura is also listed on the Alternative Investment Market in the United Kingdom and, must comply with the laws and regulations of the United Kingdom and, where the corporate governance principles exceed those set by the ASX, adopt appropriate policies to comply with the rules of the AIM market.

**Figure 1**  
**Aura Management System**



## 2. Board of Directors

### 2.1 Board role and responsibilities

The Constitution provides that the business and affairs of the company are to be managed by or under the direction of the board of Directors. The board of Directors, through its own consultative processes, has considered and approved a formal Board Charter which details the role, powers, duties and functions of the Board. Other than as specifically reserved to the Board in the Board Charter, responsibility for the management of Aura's business activities is delegated to the Executive Chairman/Chief Executive Officer (CEO) who is accountable to the Board. The Board Charter and the delegation of Board authority to the CEO are reviewed annually by way of a notification set out on the Board calendar of pre-determined agenda matters for consideration and approval. The board also reviews under its board calendar process on an annual basis the performance of the Chief Executive Officer and itself.

The central role of the board of Directors is to set the company's strategic direction, to supervise the use of equity monies raised from shareholders, to select and appoint a CEO and to oversee the company's advancement of its exploration projects. In addition to matters required by law to be approved by the Board, the board of Directors has reserved the following powers to the Board for decision:

- the appointment and removal of the CEO, any other executive Directors and the Company Secretary and determination of their remuneration and conditions of service;
- approving succession plans and significant changes to organisational structure;
- authorising the issue of shares, options, equity instruments or other securities;

- authorising, if necessary, borrowings and the granting of security over the undertakings of the Company or any of its assets;
- authorising expenditures which exceed the CEO's delegated authority levels;
- approving strategic plans and budgets;
- approving the acquisition, disposal or relinquishment of exploration permits;
- approving dividends (although such a decision is not required at this time due to the nature of the business of the Company);
- approving annual and half-year reports and disclosures to the market that contain or relate to financial projections, statements as to future financial performance or changes to the policy or strategy of the Company;
- approving policies of the Company for implementation across the jurisdictions in which it conducts its business;
- appointing the Chairman of the Board;
- appointing Directors who will come before shareholders for election at the next annual general meeting; and
- establishing procedures which ensure that the Board has capacity to exercise its powers and to discharge its responsibilities as set out in the Board Charter.

## **2.2 Board composition**

The Board is comprised of three non-executive Directors and an Executive Chairman/Chief Executive Officer. Details of the Directors, including their qualifications, experience, date of appointment and independent status, are set out in Table 1. Detailed biographies are available in the Annual Report 2018 on pages 10 to 11.

The Board and its committees (Audit & Risk and Remuneration) actively seek to ensure that the Board continues to have the right balance of skills, knowledge, experience and diversity necessary to direct the Company in accordance with high standards of corporate governance and to oversee Aura's management and business activities. In assessing the composition of the Board, the Directors have regard to the following principles:

- the CEO should be a full-time employee of the company;
- the majority of the Board should comprise Directors who are both non-executive and independent; and
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the company.

The Board acknowledges that, at this time, the position of Chairman and Chief Executive Officer is filled by one person and therefore, the Company does not have an independent Chairman. Whilst the Company looks to separate the roles as it grows, the Board of Directors do not believe having one person fill both roles impacts on the corporate governance of the Company.

The Directors on the Board collectively have a combination of skills and experience in the competencies outlined in Table 1. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each Director and the combined capabilities of the Board. The Board considers that collectively the Directors represent the skills, knowledge and experience necessary and desirable to direct the company.

The non-executive Directors contribute operational and international experience, an understanding of the industry in which Aura operates, knowledge of financial markets and an understanding of the health, safety, environmental and community matters that are important to the company. The CEO brings an additional perspective to the Board through a thorough understanding of Aura's business and, significantly, experience in creating value through exploration, evaluation and development of mineral projects and equity raising.

**Table 1**  
Directors of the Company

Name of director	Term in office	Qualifications	Status
Peter Reeve Chairman/CEO/Managing Director	Since 13 July 2013	BApp Sc	Executive
Robert Beeson	Since 31 March 2006	BSc(Hons), PhD; AIG	Independent
Brett Fraser	Since 24 August 2005	BBus (Acc); Grad Dip Fin SIA; International Marketing AGSM; FCPA; FFSIA	Independent
Julian Perkins	Since 7 June 2011	MSc (Imperial College); Ass Camborne Metalliferous Mining (Hons); FAusIMM; GAICD	Independent

The Directors on the Board represent a diverse range of backgrounds as outlined in Table 2.

**Table 2**  
**Areas of Competence and Skills of the Board of Directors**

Areas of Competence and Skills	Description	Representation on Board
Leadership	Demonstrated effective senior leadership in large/medium-sized public listed entities and not-for-profit entities	
Business strategy	Successful record of development and implementation of strategies and competitive business analysis	
Commercial	Experience in mergers and acquisitions, mining joint ventures, resource rent tax regimes, diverse legal and compliance jurisdictions and risk management	
Exploration, evaluation and development of mineral resources	Senior executive experience in geology, geophysics, mining and metallurgical and project development and project operations	
Finance	Professional qualifications, high level of financial acumen, experience in taxation, treasury and project financing	
Governance	Commitment to the highest standards of governance with previous organisations that were public listed entities as well as not-for-profit entities and development and implementation of governance policies and procedures	
Human resources	Experience in human resource management, succession planning, remuneration policies and applications in diverse jurisdictions, industrial relations and setting and achieving measure targets for management responsibility units	
International	Experience working in diverse geopolitical and cultural environments	
Public policy	Demonstrated skills in government affairs in diverse jurisdictions and public and regulatory policy	
	<i>Most of the board directors have a high-level knowledge and experience</i>	
	<i>More than half of the board of directors have a high level of knowledge and experience</i>	

### 2.3 Chairman

The Chairman of the Board, Mr Peter Reeve, who is also the Chief Executive Officer and Managing Director and a resident Australian citizen. As Executive Chairman, Mr Reeve is responsible for leadership and effective performance of the Board and for the maintenance of relations between Directors and management that are open, cordial and conducive to productive cooperation.

Mr Reeve is also a Director of Round Oak Minerals Limited.

Mr Reeve has over 30-years' experience the resources sector having worked with both majors and juniors from Rio Tinto Billiton Australia, Newcrest Mining to Ivanhoe Australia. Mr Reeve has also worked as a Resource Fund Manager and a Corporate Finance Director-Resources with JB Were & Son. Prior to being appointed the Executive Chairman of the Company, Mr Reeve was Chief Executive Officer and Managing Director of Ivanhoe Australia Limited.

### 2.4 Director independence

The independence of a Director is assessed in accordance with Aura's Policy on Independence of Directors.

In accordance with the policy, the Board assesses independence with reference to whether a Director is non-executive, not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. In making this assessment, the Board considers all relevant facts and circumstances.

Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder (as defined by the Corporations Act 2001 (*Cth*)) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or a controlled entity of the Company, and the former executive has not held an executive position for no less than three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, Director or senior employee of a material professional adviser to the Company;
- is, or has been within the last three years, in a material business relationship with the company or a controlled entity of the Company, or an officer of, or otherwise associated with, someone with such a relationship;
- has a material contractual relationship with the company or a controlled entity of the Company other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director of the Company for such a period that his or her independence may have been compromised (see policy on Independence of Directors).

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the Director. Materiality is considered from the perspective of the Company and its controlled entities, the persons or organisations with which the Director has an affiliation and from the perspective of the Director.

To assist in assessing the materiality of a customer or supplier the Board has adopted the materiality threshold for a supplier if the supplier accounts for more than 10% of Aura's exploration costs or corporate costs. The Company proposes to review the structure of material and the current threshold on an on-going basis.

The Board reviews the independence of Directors before they are appointed, on an annual basis by way of a notification set out on the Board calendar of pre-determined agenda matters for consideration and approval and at any other time where the circumstances of a Director change such as to require reassessment. The Board has reviewed the independence of each of the Directors in office at the date of this report and has determined that three of the four Directors are independent. Mr Peter Reeve is not considered independent as he is the Executive Chairman/Chief Executive Officer and a member of management.



One of the non-executive Directors, Dr Robert Beeson have been employed by Aura in the past and almost four years has lapsed since he ceased employment.

The independent status of Directors standing for election or re-election is identified in the notice of AGM. If the Board's assessment of a Director's independence changes, the change is disclosed to the market.

## **2.5 Conflicts of interest**

The Board has approved Directors' Conflict of Interest Policy which apply if there is, or may be, a conflict between the personal interests of a Director, or the duties a Director owes to another company, and the duties the Director owes to Aura.

Directors are required to disclose immediately the circumstances that may affect, or be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

Unless the Board agrees otherwise, a Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and when the matter comes before the Board for discussion, the Director withdraws from the meeting for the period the matter is considered and takes no part in the discussions or decision-making process. Minutes reporting on matters in which a Director is considered to have a conflict of interest are not provided to that Director. However, the Director is given notice of the broad nature of the matter for discussion and is updated in general terms on the progress of the matter.

## **2.6 Board succession planning**

The Board manages its succession planning. Each year by way of a notification set out on the Board calendar of pre-determined agenda matters for consideration and approval, the Board reviews the size, composition and diversity of the Board and the mix of existing and desired competencies across members and reports its conclusions to the Board. In conducting the review, the skills matrix referred to in section 2.2 is used to enable the committee to assess the skills and experience of each Director and the combined capabilities of the Board.

The results of this review are considered in the context of Aura's operations and strategy. Where the Board identifies existing or projected competency gaps, it will implement a succession plan to addresses those gaps.

The Board does not currently consider that there are any existing or projected competency gaps. Recognising the importance of Board renewal, the Board takes each Director's tenure into consideration in its succession planning. As a general rule, a Director would not usually be expected to nominate for re-election once he or she has served more than ten years on the Board.

Exceptions to this principle may be made where the Board considers that an individual Director brings special skills to the Board which are difficult to replace at that time, or

to facilitate the orderly changeover of Directors having regard to anticipated retirements, and the Board has assessed the Director as remaining independent.

The Board is responsible for evaluating candidates for appointment to the Board. The Board evaluates prospective candidates against a range of criteria including the skills, experience, expertise and diversity that will best complement Board effectiveness at the time. The Board may engage an independent recruitment firm to undertake a search for suitable candidates.

In its evaluation of candidates for the Board will have regard to normally accepted nomination criteria, including:

- honesty and integrity;
- the ability to exercise sound business judgement;
- appropriate experience and professional qualifications;
- absence of conflicts of interest or other legal impediments to serving on the Board;
- willingness to devote the required time; and + availability to attend Board and committee meetings.

In considering overall Board balance, the Board will give due consideration to the value of a diversity of backgrounds and experiences among the members.

There have been no changes to the Changes to the composition of the Board since July 2014.

Aura undertakes appropriate background and screening checks prior to nominating a Director for election by shareholders and provides to shareholders all material information in its possession concerning the Director standing for election or re-election in the explanatory notes accompanying the notice of meeting

## **2.6 Directors' retirement and re-election**

With the exception of the Executive Chairman/Chief Executive Officer, Directors must retire at the third annual general meeting of shareholders following their election or the most recent re-election. At least one Director must stand for election at each general meeting of shareholders. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM.

Board support for a Director's re-election is not automatic and is subject to satisfactory Director performance (in accordance with the evaluation process described in section 2.9 below).

## **2.8 Directors' appointment, induction training and continuing education**

All new non-executive Directors are required to sign a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work. The only executive Director has entered into employment agreement which govern the terms of his employment.

Induction training is to be provided to new Directors appointed from the date of this corporate governance Statement. The induction will include a comprehensive induction manual, discussions with the CEO and senior executives and, if there are sufficient funds, the option to visit Aura's exploration projects either upon appointment or with the CEO. The induction materials and discussions include information on Aura's strategy, culture and values; key corporate and Board policies; the company's financial, operational and risk management position; the rights and responsibilities of Directors; the role of the Board and its committees; and meeting arrangements.

All Directors are expected to maintain the skills required to discharge their obligations to the company. Aura provides professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. The Company has contributed to the costs of Directors to attend continuing professional education sessions including industry seminars and approved education courses. In addition, the company provides the Board with regular educational information papers and presentations on industry related matters and new developments with the potential to affect Aura.

## **2.9 Board performance evaluation**

The Board has not developed, at this time, mechanisms for determining the process for evaluating Board performance.

## **2.10 Board access to information and independent advice**

Subject to the Directors' Conflict of Interest Guidelines referred to in section 2.5 above, Directors have direct access to members of company management and to company information in the possession of management.

Subject to pre-consultation and approval by the Chairman and the independent Director, a Directors is entitled to obtain independent legal, accounting or other professional advice at the company's expense. In the case of a request made by the Chairman, approval is required by a majority of the non-executive Directors.

## **2.11 Directors' remuneration**

Details of remuneration paid to Directors (executive and non-executive) are set out in the 2018 Remuneration Report on pages 15 to 19 of the annual report. The Remuneration Report also contains information on the company's policy for determining the nature and amount of remuneration for Directors and senior

executives and the relationship between the policy and company performance. Shareholders will be invited to consider and approve the 2018 Remuneration Report at the 2018 annual general meeting of shareholders.

## **2.12 Board meetings**

During the year ended 30 June 2018, the Board held seven Board meetings. At each board meeting, the Board is provided with a strategy update and on an annual basis the board conducts a strategic planning session.

Details of Directors' attendance at Board meetings are set out on page 14 of the 2018 annual report. The Chairman, in conjunction with the Company Secretary, sets the agenda for each meeting. Any Director may request matters be included on the agenda.

At Board meetings the agenda will include:

- minutes of the previous meeting and matters arising;
- the CEO's report;
- the CFO's report;
- reports on exploration activities and feasibility studies;
- current issues; and
- other business proposals.

Outcomes from Committees are also presented following their meetings during the course of the financial year.

The Company Secretary, who also performs the role of CFO, attend meetings. Other members of senior management attend Board meetings when a matter under their area of responsibility is being considered or as otherwise requested by the Board.

## **2.13 Company secretary**

Details of the Company Secretary is set out in the Annual Report 2018 on page 11. The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All Directors have direct access to the Company Secretary who is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

## **3.0 Committees of the Board**

### **3.1 Board committees and charters**

Under the constitution of the Company, the Board has the capacity to delegate its powers and responsibilities to committees. The Board has presently established two standing committees to assist in the discharge of its responsibilities.

These are the:

- Audit & Risk Committee; and
- Remuneration Committee.

As the Company grows the board will consider expanding the number of committees to comply with ASX Corporate Governance Guidelines Recommendations.

Each of the existing standing committee has a charter, detailing its role, duties and membership requirements. The committee charters are reviewed and updated as required.

Membership of the committees is limited to the non-executive Directors of the Company with a chairman of the committees appointed from the membership. Papers considered by the the committees are also available to all Directors and minutes of the committee meetings are provided to all Directors and the proceedings of each meeting are reported by the chairman of the committee at the next meeting of the Board. Each committee is entitled to seek information from any employee of the company and to obtain any professional advice it requires to perform its duties.

### **3.2 Audit & Risk Committee**

The role of the Audit & Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, internal control structure and the external audit function. The Audit & Risk Committee meets twice yearly.

The Audit & Risk Committee's charter is set out as an attachment to this Corporate Governance Statement.

Members of the Audit & Risk Committee have accounting and financial expertise and understanding of the industry in which the Company operates. The chairman of the Audit & Risk Committee is an independent non-executive Director of the Company with appropriate accounting and financial expertise.

Key activities undertaken by the Audit & Risk Committee include:

- monitoring developments in accounting, financial reporting and taxation relevant to the Company and its controlled entities;

- reviewing accounting policies and practices;
- reviewing and making recommendations to the Board for the adoption of the Group's half-year and annual financial statements;
- approval of the scope, plan and fees for the external audit;
- reviewing the independence and performance of the external auditor;
- monitoring matters arising under the Code of Conduct and the Anti-Bribery Fraud and Corruption and Whistle blower Policies and reviewing and making recommendations to the Board on amendments to these policies; and
- reviewing the risk management strategy, ensuring that the risk management strategy is updated and presented to the committee on a six-monthly basis and making recommendations to the Board for additional risk management practices to be considered.

The external auditors attend the meeting and the Chairman/Chief Executive Officer and the Chief Financial attend the Audit & Risk Committee meetings by way of invitation from the chairman. Prior to the conclusion of each meeting of the Audit & Risk Committee, the committee meets without management present time is scheduled for the committee to meet without management present to discuss matters on a confidential basis with the external auditors.

The Board has determined that the Company is not of sufficient size at this time to warrant an internal audit function and accordingly, works with the external auditor in key areas to ensure appropriate internal controls are adhered to.

### **3.3 Remuneration Committee**

The role of the Remuneration Committee is to assist the Board in establishing key performance measures and determining appropriate compensation for the achievement of performance to enable the company to attract, retain and Chief Executive Officer who achieve operational excellence and create value for shareholders; and

Key activities of the Remuneration Committee are:

- considering changes to executive remuneration framework of the Company to better align with shareholder experience and expectations;
- monitoring legislative and corporate governance developments in relation to employment and remuneration matters relevant to the Company;

- reviewing the company's remuneration policies and practices and, if necessary, approving the use of remuneration consultants to provide recommendations in respect of the remuneration;
- reviewing the company's recruitment and retention strategies; and
- reviewing and making recommendations to the Board on:
  - remuneration for non-executive Directors;
  - the remuneration of the CEO;
  - the criteria for the evaluation of the CEO's performance;
  - incentives payable to the CEO;
  - employee-equity based plans; and
  - the annual Remuneration Report.

The Charter of the Remuneration Committee is set out in the attachments to this Corporate Governance Statement.

## **4.0 Shareholders**

### **4.1 Shareholder communication**

Directors recognise that shareholders, as the ultimate owners of the company, are entitled to receive timely and relevant high-quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares.

The Continuous Disclosure and Market Communications Policy of the Company, set out as an attachment to this Corporate Governance Statement, encourages effective communication with the company's shareholders by requiring:

- the disclosure of full and timely information about the Company's activities in accordance with the disclosure requirements contained in the ASX Listing Rules and the Corporations Act;
- all information released to the market to be placed on the Company's website promptly following release;
- the company's market announcements to be maintained on the Company's website for at least three years; and
- that all disclosures, including notices of meetings and other shareholder communications, are drafted clearly and concisely.

The Continuous Disclosure and Market Communications Policy is available in the Governance and Compliance section of the Company's website. Financial results and other briefings with investors and analysts relating to new material information are released to the market as the same time as the briefing is being made.

Presentation material for briefings or speeches containing new material information is first disclosed to the market via ASX and posted to the website before it is discussed at a briefing.

The Annual Report is also first disclosed to the market via ASX and then posted to the website. Shareholders can elect to receive hard copies as well. Shareholders can elect to receive email notification when these reports are posted to the website.

The Company encourages direct electronic contact from shareholders – the company's website has a "Contact Us" section which allows shareholders to submit an electronic form with questions or comments directly, as well as a "Shareholder Services" section which, among other things, clearly sets out the email address for the Company's share registry, Computershare, so that Computershare can be contacted directly.

The Company recognises the importance of shareholder participation in general meetings and supports and encourages that participation. The company has direct voting arrangements in place, allowing shareholders unable to attend the AGM to vote on resolutions without having to appoint someone else as a proxy. Shareholders are also able to register their voting instructions electronically.

The outcome of voting on the items of business are disclosed to the market and posted to the Company's website after the AGM. All Directors of the Company attended the Company's AGM and are expected to attend the 2018 AGM. The Company's external auditor attends the company's AGM, by way of telephone link, to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the company and the independence of the auditor in relation to the conduct of the audit.

#### **4.2 Continuous disclosure and market communications**

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company.

The Chief Executive Officer and Company Secretary manages compliance with market disclosure obligations and is responsible for implementing and monitoring reporting processes and controls and setting guidelines for the release of information.

The Board approves any announcement relating to the annual and half year financial reports and any other information for disclosure to the market that contains or relates to financial matters, statements as to future performance or changes to the policy or strategy of the company (taken as a whole).



The Continuous Disclosure and Market Communications Policy of the Company, referred to in section 4.1, and associated guidelines reinforce the commitment of the Company to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also describes guiding principles for market communications of the Company. Each employee and consultant are required to ensure potentially price-sensitive information concerning the Company is assessed with reference to the Continuous Disclosure and Market Communications Policy and associated guidelines as soon as the employee becomes aware of the information.

## **5.0 Promoting responsible and ethical behaviour**

### **5.1 Code of Conduct, Anti-Bribery and Corruption Policy (ABFC Policy)**

The Company has a Code of Conduct and an ABFC Policy which outline its commitment to appropriate and ethical corporate practices. (The Code of Conduct and ABFC Policy is set out as an attachment to this Corporate Governance Statement.) The Code of Conduct and the ABFC Policy cover matters such as compliance with laws and regulations, responsibilities to shareholders and the community, sound employment practices, confidentiality, privacy, conflicts of interest, giving and accepting business courtesies and the protection and proper use of the Company's assets.

All Directors, officers and employees are required to comply with the Code of Conduct and the ABFC Policy. Officers are expected to take reasonable steps to ensure that employees, contractors and consultants under their supervision are aware of the Code and the ABFC Policy to foster an environment that encourages ethical behaviour and compliance with the Code and the ABFC Policy.

Failure to comply with the Code of Conduct and the ABFC Policy is a serious breach of the Company's policy and will be investigated. Breaches may result in disciplinary action ranging from a formal warning through to termination of employment. All breaches are required to be recorded.

All Directors and senior management are expected to complete a questionnaire distributed by the Company Secretary, on an annual basis, which includes questions on compliance by the employees under their direct supervision and contractors and consultants within their area of responsibility with the Code of Conduct, the Securities Dealing Policy, the ABFC Policy, the Continuous Disclosure and Market Communications Policy.

The responses to the questionnaire, together with a report on breaches of the Code of Conduct and matters raised are considered by the Audit & Risk Committee.

## **5.2 Securities ownership and dealing the Company's Securities Dealing Policy applies to all Directors, employees, contractors, consultants and advisers**

Under the Securities Dealing Policy the Directors and employees are prohibited from dealing in the Company's securities when they are in possession of price-sensitive information that is not generally available to the market.

Directors and certain restricted employees are also prohibited dealings by during "black-out" periods, including during the periods between the end of the financial half-year and the day following the announcement of the half-year results and the end of the financial full-year and the day following the announcement of the full-year results.

Directors are required to seek the approval of the Chairman (or in the case of the Chairman/Chief Executive Officer, the Chairman of the Audit & Risk Committee) before dealing in the company's securities or entering into any financial arrangement by which securities of the Company are used as collateral. Restricted employees are required to notify the Chief Executive Officer before dealing in the company's securities. In addition, executives reporting directly to the CEO, and the Company Secretaries, have notification requirements in respect of entering into any financial arrangement by which the Company's securities are used as collateral.

Any dealing in securities of the Company by Directors must be notified to the ASX within five business days of the dealing. It is a condition of the Securities Dealing Policy that Directors, and officers participating in an equity-based incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of any unvested entitlement in securities.

## **5.3 Payments to political parties**

The Code of Conduct prohibits donations to any political campaign, politician or candidate for public office in any country where the Company operates.

Where policy matters impact the Company, the Executive Chairman/Chief Executive Officer will represent the Company in any debate on these matters. In certain circumstances representatives of the Company may attend a political function in Australia which charges an attendance fee. Attendance at these functions is subject to approval by the Chief Executive Officer.

## **6. Risk management and internal control**

### **6.1 Approach to risk management and internal control**

The Board recognises that risk management and internal compliance and control are key elements of good corporate governance. The company's Risk Management Policy describes the manner in which the Company:

- provides a consistent process for the recognition and management of risks across the Company's business; and
- confers responsibility on staff at all levels to proactively identify, manage, review and report on risks relating to the objectives those staff are accountable for delivering.

The Risk Management Policy is set out as an attachment to this corporate Governance statement. The Company recognises that risk is inherent to its business and that effective management of risk is vital to delivering on its objectives, success and continued growth. The Company is committed to managing all risk in a proactive and effective manner.

Risks are identified, assessed and prioritised using a common methodology. Assessed risk is escalated to increasingly senior levels of management based on corporate materiality thresholds.

## **6.2 Risk management roles and responsibilities**

The Board is responsible for reviewing and approving the Company risk management strategy, policy and key risk parameters, including determining the Company's appetite for country risk and major investment decisions. The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Board has delegated oversight of the Risk Management (encompassing political, technical, operational, financial, health and safety, environment and security) to the Audit & Risk Committee. The Audit & Risk Committee is also responsible for reviewing the effectiveness of internal control system and risk management process.

Management is responsible for promoting and applying the Risk Management Policy. This responsibility involves identifying and assessing business and operational risks, developing and implementing appropriate risk treatment strategies and controls including insurance strategy and activities, monitoring the effectiveness of risk controls and reporting on risk management capability and performance.

The development of risk management capability and providing risk management reports to the Audit & Risk Committee on the corporate risk profile and the Company's risk management performance is the responsibility of the Chief Executive Officer and the Company Secretary.

The Company does not have an internal audit function at this time due to its size; however, it agrees each year with its external Auditor to undertake a review of financial risk processes to ensure these effective and efficient. The Company expects to develop an internal audit function on the commencement of operations from one of its exploration projects.

### **6.3 CEO AND CFO assurance**

The Board receives regular reports on the Group's financial and operational results.

Before the adoption by the Board of half-year and full year financial statements, the Board receives written declarations from the CEO and the CFO that the financial records of the company have been properly maintained in accordance with section 286 of the Corporations Act, and the Company's Financial statements and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and performance for the financial period. The CEO and the CFO have also stated in writing to the Board that the statements relating to the integrity of the financial statements are founded on a sound system of risk management and internal control which is operating effectively.

In addition, all senior management re expected to complete a questionnaire from the Company Secretary on an annual basis on compliance policies of the Company. The matters subject to the questionnaire relate to the financial position of the company, market disclosure, the application of company policies and procedures (including the Risk Management Policy), compliance with external obligations and other governance matters. This process assists the CEO and the CFO in making the declarations to the Board referred to above.

### **7.0 External auditor relationship**

In accordance with External Auditor Policy, as set out as an attachment to this Corporate Governance Statement, the Audit & Risk Committee oversees the terms of engagement of the external Auditor of the Company.

The External Auditor Policy sets out the processes for the maintenance of the independence of the external Auditor and assessing whether the provision of any non-audit services by the external Auditor that may be proposed is appropriate.

The External Auditor Policy contains a set of controls which address threats to the independence of the external Auditor and specifically, any threat which may arise by reason of self-interest, self-review, advocacy, familiarity or intimidation.

The External Auditor Guidance Policy classifies a range of non-audit services which could potentially be provided by the external Auditor as:

- acceptable within limits;
- requiring the approval of the CFO;
- requiring the approval of the Audit & Risk Committee; or not acceptable.

The services considered not acceptable for provision by the external auditor include:

- internal audit (once the Company considers its size justifies the establishment of this risk management function;
- acquisition accounting due diligence where the external auditor is also the auditor of the other party;
- transactional support for acquisitions or divestments where the external auditor is also the auditor of the other party;
- book-keeping and financial reporting activities to the extent such activities require decision-making ability and/or posting entries to the ledger;
- the design, implementation, operation or supervision of information systems and provision of systems integration services;
- independent expert reports;
- financial risk management; and
- taxation planning and taxation transaction advice.

The External Auditor Policy requires rotation of the audit partner and audit review partner at least every five year and prohibits the reinvolvement of a previous audit partner in the audit service for two years following rotation.

In addition to incorporating safeguards to ensure compliance with sections 324CI and 324CK of the Corporations Act in respect of employment of a former partner of the audit firm or member of the audit team as a Director or senior employee of the Company.

## **8.0 Inclusion and diversity**

Respect for people is one of the Company's core values. Accordingly, the Company recognises that a key contributor to our success is an inclusive culture that promotes diversity and a sense of belonging.

The Company aims to drive inclusion and diversity by, among other things:

- Respecting the unique attributes that each individual brings to the workplace and fostering an inclusive values-led culture; and
- Providing diversity education and training as well as undertaking diversity initiatives and measuring their effectiveness.

## 9.0 ASX Corporate Governance Council Recommendations Checklist

This Corporate Governance Statement and revised/updated Corporate Policies (set out in the attachments) of the Company were approved by the Board on 27 September 2018.

The Table below cross-references the Australian Securities Exchange Corporate Governance Council recommendations to the relevant sections of this Corporate Governance Statement and the Remuneration Report set out in the 2018 annual report of the Company.

ASX Corporate Governance Council Recommendations	Reference	Comply
<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1 A listed entity should include: a. the respective roles and responsibilities of its board and management; and b. those matters expressly reserved to the board and those delegated to management	2.1	✓
1.2 A listed entity should: a. undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director; and b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	2.6	✓
1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment	2.8, Remuneration Report	✓
1.4 The Company Secretary of a listed entity should be accountable to the board, through the chair, on all matters to do with the proper functioning of the Board.	2.13	✓
1.5 A listed entity should: a. have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; b. disclose that policy or a summary of it; and 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: i. 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 ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined/published in that Act.	8, Company is not sufficiently large to enact all measures	X

ASX Corporate Governance Council Recommendations		Reference	Comply
1.6	A listed entity should: <ul style="list-style-type: none"> <li>a. have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</li> <li>b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	The Directors have not developed an Evaluation process	X
1.7	A listed entity should: <ul style="list-style-type: none"> <li>a. have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Remuneration Report	✓
<b>Principle 2: Structure of the Board to add value</b>			
2.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>a. have a nomination committee which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of which are independent Directors; and</li> <li>ii. is chaired by an independent Director; and disclose:</li> <li>iii. the charter of the committee;</li> <li>iv. the members of the committee; and</li> <li>v. 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</li> </ul> </li> <li>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.</li> </ul>	The Board has started the process to implement this principle	✓
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board presently has or is looking to achieve in its membership.	2.1	✓
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>a. the names of the Directors considered by the Board to be independent Directors;</li> <li>b. if a Director has an interest, position, association or relationship of the type described in Box 2.3 (which appears on page 16 of the ASXCGC Recommendations and is entitled "Factors relevant to assessing the independence of the Director"), 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</li> <li>c. the length of service of each Director.</li> </ul>	2.3, 2.4	✓
2.4	A majority of the Board of a listed entity should be independent Directors.		✓

ASX Corporate Governance Council Recommendations	Reference	Comply
2.5 The chair of the Board of a listed entity should be an independent Director, and, in particular, should not be the same person as the CEO of the entity.	The Board does not comply with this measure but is satisfied with its safeguards	✗
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.	2.8 The Company is implementing a policy	✓
<b>Principle 3: Act ethically and responsibly</b>		
3.1 A listed entity should: a. have a Code of Conduct for its Directors, senior executives, employees; and b. disclose the Code of conduct or a summary of it.	5.1	✓
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
4.1 The Board of a listed entity should: a. have an Audit & Risk Committee which: i. has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and ii. is chaired by an independent Director, who is not the chair of the Board, and disclose: iii. the charter of the committee iv. the relevant qualifications and experience of the members of the committee; and v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b. if it does not have an Audit & Risk 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.	3.1. 3.2	✓
4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	6.3	✓
4.3 A listed entity that has an AGM should ensure that its external Auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	4.1	✓



ASX Corporate Governance Council Recommendations		Reference	Comply
<b>Principle 5: Make timely and balanced disclosure</b>			
5.1	A listed entity should: <ul style="list-style-type: none"> <li>a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b. disclose this policy or a summary of it.</li> </ul>	4.2	✓
<b>Principle 6: Respect the rights of security holders</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	4.1	✓
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communications with investors.	4.1	✓
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	4.1	✓
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.	4.1	✓
<b>Principle 7: Recognise and manage risk</b>			
7.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>a. have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent Directors; and</li> <li>ii. is chaired by an independent Director, and disclose: <ul style="list-style-type: none"> <li>iii. the charter of the committee;</li> <li>iv. the members of the committee; and</li> <li>v. 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</li> </ul> </li> </ul> </li> <li>b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	3.1, 3.2	✓
7.2	The Board or a committee of the Board should: <ul style="list-style-type: none"> <li>a. review, the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>b. disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	3.2, 6.2	✓
7.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>a. if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>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.</li> </ul>	6.2	✓

ASX Corporate Governance Council Recommendations	Reference	Comply
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks.		✓
<b>Principle 8: Remunerate fairly and responsibly</b>		
8.1 The Board of a listed entity should: <ul style="list-style-type: none"> <li>a. have a Remuneration Committee which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent Directors; and</li> <li>ii. is chaired by an independent Director, and disclose:</li> <li>iii. the charter of the committee;</li> <li>iv. the members of the committee; and</li> <li>v. 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</li> </ul> </li> <li>b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	3.1, 3.3	✓
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and remuneration of executive Directors and other senior executives.	Remuneration Report	✓
8.3 A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>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</li> <li>b. disclose this policy or a summary of it.</li> </ul>	5.2	✓