

## Corporate Governance Statement

Corporate Governance Statement: Approved by the Board on 26 March 2019.

To the extent applicable, the Company has adopted the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('Recommendations').

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed. Due to the small scale of operations, the Company does not employ senior management.

The Company's main corporate governance policies and practices are detailed below:

### **Principle 1: Lay solid foundations for management and oversight**

#### **1.1 A listed entity should disclose:**

- (a) *the respective roles and responsibilities of its Board and management, and*
- (b) *those matters expressly reserved to the Board and those delegated to management.*

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities helps manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Executive Directors;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

**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 in its possession relevant to a decision on whether or not to elect or re-elect a Director.*

The current Board with the exception of the Chairman and Managing Director, Mr Bryan Frost, were elected at the AGM of the Company held 8 May 2018. Prior to the election, the Company through its solicitors undertook appropriate checks of the candidate as to character, experience, education, criminal record and solvency history before appointing the person or allowing them to stand for election as a Director.

All material information relevant to a decision on whether or not to elect or re-elect a Director is provided to security holders in any notice of meeting pursuant to which the resolution to elect or re-elect such Director will be voted on.

**1.3** *A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.*

The Company has in place written agreements with each Director which detail the terms of their appointment.

**1.4** *The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.*

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

**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:*
  - (1) *the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
  - (2) *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. However, given the current stage of the Company's operations, the Company has determined at this stage not to formally adopt a diversity policy. The Company will re-assess this as the Company grows.

The Company does not comply with Recommendation 1.5.

**1.6** *A listed entity should:*

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

The current Board, with the exception of the Chairman was elected at the AGM held 8 May 2018. It is considered that the Directors elected at that meeting were subject to a performance evaluation prior to them being submitted as candidates for election.

As the new Directors have been recently elected, a performance evaluation has not been undertaken. The Board will consider implementing a performance evaluation process during this reporting period.

The Company does not comply with Recommendation 1.6 for the reasons noted above.

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

Due to the small size of the Company, the Company does not employ senior executives. At the date of this report, this section is not applicable.

**Principle 2: Structure the Board to add value**

- 2.1** *The Board of a listed entity should:*
- (a) *have a nomination committee which:*
    - (1) *has at least three members, a majority of whom are independent Directors; and*
    - (2) *is chaired by an independent Director, and disclose:*
      - (3) *the charter of the committee;*
      - (4) *the members of the committee; and*
      - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
  - (b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Company does not comply with Recommendation 2.1. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board is confident that this process for selection, including undertaking appropriate checks before appointing a person, or putting forward to Security holders a candidate for election, and review is stringent and full details of all Directors will be provided to Security holders in the annual report and on the Company's website as applicable.

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

The Company does not comply with Recommendation 2.2. Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

The Board has not yet developed a specific skill matrix. The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. This role will be performed by the Nomination Committee (or, in its absence, the Board). Once adopted, the Company will disclose the Board skill matrix.

- 2.3** *A listed entity should disclose:*
- (a) *the names of the Directors considered by the Board to be independent directors;*
  - (b) *if a Director has an interest, position, association or relationship, but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and*
  - (c) *the length of service of each Director.*

The name of the Board member considered to be an independent Directors is Mr Michael Quinert. The length of service of each Director is set out in the Directors Report contained in the Company's Annual Report.

**2.4** *A majority of the Board of a listed entity should be independent Directors.*

The Company does not comply with Recommendation 2.4. Of the Company's Board, three of the four Directors are not considered to be independent due to the following considerations:

- (a) Mr Bryan Frost is a substantial shareholder of the Company and is also a Principal of the Corporate Adviser, Peregrine Corporate Ltd;
- (b) Mr Richard Revelins is an Executive Director and is a Principal of the Corporate Adviser Peregrine Corporate Ltd; and
- (c) Mr Damon O'Meara is associated with the Vendors of the Acquisition of the Tenements and is a substantial shareholder of the Company.

**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 Company does not comply with Recommendation 2.5. Mr Bryan Frost is the Company's Chairman and Managing Director and is not considered to be an independent Director due to his interest in the securities of the Company and his relationship as a Principal of the Company's Corporate Adviser. He is responsible for the design, development and implementation of strategic plans for the Company in a cost-effective and time-efficient manner. Mr Frost is responsible for the day-to-day operations of the Company. and holds the position of Chief Executive Officer (CEO). He is considered to be an Executive Director.

Until such a time that a CEO or Managing Director is appointed, the Chair will carry out the duties that would ordinarily be assigned to the CEO or Managing Director.

**2.6** *A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.*

The Board members have previous experience as Directors of Companies as explained in the Directors Report.

Due to the small size of the Company and its limited scale of operations, the Company does not have a program for inducting new Directors and therefore does not comply with Principle 2.6.

**Principle 3: Act ethically and responsibility**

**3.1** *A listed entity should:*

- (a) *have a code of conduct for its Directors, senior executives and employees; and*
- (b) *disclose that code or a summary of it.*

The Company's commitment is to comply with its legal obligations and to act ethically and responsibly.

The Company's expectation are that all Directors and when applicable senior executives and employees will:

- act in the best interests of the entity;
- act honestly and with high standards of personal integrity;
- comply with the laws and regulations that apply to the entity and its operations;
- not knowingly participate in any illegal or unethical activity;
- not enter into any arrangement or participate in any activity that would conflict with the entity's best interests or that would be likely to negatively affect the entity's reputation;
- not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and
- not take advantage of their position or the opportunities arising therefrom for personal gain.

The Company, Directors and personnel do not accept bribes and other unlawful or unethical payments or inducements. Business courtesies and facilitation payments are brought to the attention of the Chairman prior to acceptance.

Actual or potential conflicts of interest are discussed with the Chair or at Board level.

The Company encourages the reporting of unlawful or unethical behaviour and protects “whistle-blowers” who report violations in good faith. The Company adopts the Victorian *Whistle-blowers Protection Act 2001*.

#### **Principle 4: Safeguard integrity in financial reporting**

##### **4.1** *The Board of a listed entity should:*

- (a) *have an audit committee which:*
- (1) *has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and*
  - (2) *is chaired by an independent Director, who is not the Chair of the Board, and disclose:*
    - (3) *the charter of the committee;*
    - (4) *the relevant qualifications and experience of the members of the committee; and*
    - (5) *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

Whilst the Board has a separate audit committee it does not comply with the Recommendations as it does not have at least three members that are non-executive.

The current Board attend audit committee meetings. The audit committee is chaired by Mr Michael Quinert who is an independent Director.

The Charter of the audit committee is to review and make recommendations to the Board in relation to:

- the adequacy of the entity’s corporate reporting processes;
- whether the entity’s financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- the appropriateness of the accounting judgements or choices exercised by management in preparing the entity’s financial statements;
- the appointment or removal of the external auditor;
- the rotation of the audit engagement partner;
- the scope and adequacy of the external audit;
- the independence and performance of the external auditor;
- any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;

##### **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.*

Section 295A of the *Corporations Act 2001* requires each person who performs the CEO and CFO function in a listed entity to provide a declaration that, in their opinion, the financial records of the Company for a financial year have been properly maintained in accordance with the Act and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view of the financial position and performance of the company. This declaration is provided before the Directors approve the financial statements for the financial year. This statement is provided to the Board as required by Section 295A.

##### **4.3** *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor has attended AGM's in previous years and will be invited to attend the Company's next AGM.

## **Principle 5: Make timely and balanced disclosure**

### **5.1** *A listed entity should:*

- (a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) *disclose that policy or a summary of it.*

The policy of the Company for complying with its continuous disclosure obligations under the Listing Rules:

- Subject to certain exceptions, the Company will disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.
- The Company will ensure all investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance.
- The Chair and the Board are responsible for safeguarding confidentiality of corporate information to avoid premature disclosure.
- All media contact and comment is through the Chair.
- All external communications such as analyst briefings and responses to security holder questions are through the Chair.
- The Company will not comment on media speculation or market rumours. The Company will respond to any concerns by the ASX.

## **Principle 6: Respect the rights of security holders**

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

A copy of this Corporate Governance Statement is available on the Company's web site. Further information in relation to Corporate Governance will be released on the Company's web site during the current financial year.

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

Two-way communications with investors is currently undertaken by market announcements, actively engaging at the AGM and responding to enquiries from time to time.

### **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.*

The policies and processes to facilitate and encourage participation at meetings of security holders:

- provide an understanding of its business, governance, financial performance and prospects.
- provide an opportunity for security holders to express their views to the Board and management about areas of concern or interest.
- afford security holders who are not able to attend the general meeting the opportunity to provide questions or comments ahead of the meeting.

General meetings of the Company provide an opportunity for security holders to express their views about any areas of concern or interest.

### **6.4** *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The registry does provide security holders the option to receive communications electronically. The email address of the Company Secretary is located with the Company details on the ASX web site.

## **Principle 7: Recognise and manage risk**

### **7.1** *The Board of a listed entity should:*

- (a) *have a committee or committees to oversee risk, each of which:*
  - (1) *has at least three members, a majority of whom are independent Directors; and*
  - (2) *is chaired by an independent Director,*  
*and disclose:*
    - (3) *the charter of the committee;*
    - (4) *the members of the committee; and*
    - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company does not comply with Recommendation 7.1.

The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are considered by the Board.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.

The processes the Company employs for overseeing the entity's risk management framework are:

- The Board monitors and where appropriate receives advice on areas of operational and financial risks, and considers strategies for appropriate risk management arrangements.
- Specific areas of risk, which are identified, are regularly considered at Board meetings and include performance of segments of the entity, human resources, environment, continuous disclosure obligations and financial matters covering internal control and cash flow.

### **7.2** *The Board or a committee of the Board should:*

- (a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) *disclose, in relation to each reporting period, whether such a review has taken place.*

A review of the risk framework including, where applicable, performance of segments of the entity, human resources, environment, continuous disclosure obligations and financial matters covering internal control and cash flow was undertaken by the current Board at its meeting held on 26 February 2019. It was considered that regular risk reviews were unnecessary unless the nature of the operations of the Company changed.

### **7.3** *A listed entity should disclose:*

- (a) *if it has an internal audit function, how the function is structured and what role it performs;*  
*or*
- (b) *if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not have an internal audit function. The Board evaluates and continually improves the effectiveness of its risk management and internal control processes by review and discussion at Board level as appropriate.

### **7.4** *A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Company operates in the gold mining industry. The Company is subject to both internal and external business risks, many of which lie outside the control of the Board.

The Board monitors risks associated with its exploration activities. All exploration activities are undertaken by Contractors.

## **Principle 8: Remunerate fairly and responsibly**

### **8.1** *The Board of a listed entity should:*

- (a) *have a remuneration committee which:*
  - (1) *has at least three members, a majority of whom are independent Directors; and*
  - (2) *is chaired by an independent Director, and disclose:*
  - (3) *the charter of the committee;*
  - (4) *the members of the committee; and*
  - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board as a whole performs the function of the Remuneration committee which includes setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board.

The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate remuneration committee.

### **8.2** *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.*

Executive and Non-executive Directors: the fee is a fixed remuneration fee and is not based on performance as such a performance-based fee may lead to bias in decision making and compromise objectivity. It would also be acceptable to consider equity-based remuneration.

### **8.3** *A listed entity which has an equity-based remuneration scheme should:*

- (a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) *disclose that policy or a summary of it.*

The Company does not have an equity-based remuneration scheme at the date of this report.

In the event that the Company adopted an equity-based remuneration scheme, participants would not be allowed to hedge or otherwise limit the economic risk of participating in the scheme.