

## **Corporate Governance Statement**

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The Board is committed to good corporate governance as an essential foundation of the Company's performance and sustainability. The Company has assessed its governance practices against the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations 3rd Edition' (Recommendations), which set out recommended governance practices which are likely to achieve good governance outcomes for ASX listed entities in most situations. The Recommendations are not mandatory, and where the Company has not adopted a recommendation, this Statement will explain why.

This Statement is current as at 30 September 2015, and has been approved by the Board.

### **1. Lay Solid Foundations for Management and Oversight**

#### **1.1 Role of the Board**

The Board is committed to creating shareholder value within a framework that protects the rights and interests of shareholders and ensures that the Company is being properly managed. The Board's role and responsibilities, its relationship with management, and the key responsibilities of the Board are set out in the Board Charter, along with delegations to senior management and certain Committees. The Board Charter specifies the matters expressly reserved to the Board, which include providing leadership and setting the strategic objectives of the entity, appointing the chairman, CEO and other senior executives, overseeing management's implementation of the entity's strategic objectives, adopting an annual budget, ensuring that the entity has in place an appropriate risk management framework, overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit and overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company.

There is a clear division between the responsibility of the Board and management. The Board has delegated responsibility for day-to-day management of the Company's business to the Managing Director and senior management, who are required to work within authority limits and delegations. The Board Charter is available in the Corporate Governance section of the Company's website.

#### **1.2 Appointment of directors and senior management**

For all appointments of directors or senior management, procedures are in place for carrying out appropriate searches and enquiries including bankruptcy and criminal history checks.. For any director who is to be elected or re-elected in general meeting, the Company provides shareholders with relevant material (which accompanies the notice of meeting) in order to decide on the election or re-election, including qualifications, skills, experience, any adverse information revealed by the Company's checks and any material interests or positions held by the candidate. The Company also advises shareholders as to whether the candidate is considered to be an independent director, and whether the Board supports the election or re-election of the candidate.

### **1.3 Written Agreements with Directors and Senior Executives**

The Company has formal Appointment Letters with each non-executive director, and has formal Employment Agreements with executive directors and senior management, setting out all relevant terms of the appointment or employment

### **1.4 Committees**

The Company has established the following specialist Committees:

- Audit and Risk Committee
- Human Resources Remuneration and Nomination Committee

The charters for each of those Committees are available in the Corporate Governance section of the Company's website. The Directors' Report each year sets out details of the directors' attendance at meetings of the Board, Audit and Risk Committee and Human Resources Remuneration and Nomination Committee during the reporting period.

### **1.5 Company Secretary**

The company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including:-

- Advising on governance matters;
- Monitoring that board and committee policy and procedures are followed;
- Coordinating the despatch of board and committee papers; and
- Ensuring accurate minutes are taken for board and committee meetings.

### **1.6 Diversity**

The Board believes that a diverse and inclusive workforce at all levels of the organisation makes good business sense, and the Board is committed to fostering a corporate culture that embraces diversity.

Notwithstanding this the Company at this stage does not have a Diversity Policy which is a departure from Recommendation 1.6.

### **1.7 Evaluation of Board and Committees**

At this time the Company is looking to restructure its Board in line with its progression from an exploration company into a production company. Once the restructure has been completed it intends to introduce annual reviews of the performance of the Board and of individual directors or Committees which is a departure from Recommendation 1.7.

### **1.8 Evaluation of Senior Executives**

The Managing Director/CEO reviews the performances of the senior managers on a regular basis with a view of ensuring the best team possible is in place for the Company as it enters into the production phase. These reviews will be conducted on at least an annual basis going forward.

The Company at this stage does not conduct regular evaluations of its Managing Director which is a departure from Recommendation 1.8.

## **2 Structure the Board to Add Value**

### **2.1 Nomination committee**

The company has a Human Resources Remuneration and Nomination Committee which amongst other matters assists the board in fulfilling its responsibilities in respect of: -

- Reviewing strategic human resources and practices;
- Board appointments, re-elections and performance;
- Directors' induction programs and continuing development;
- Succession planning; and
- Review the suitability of the Board's current levels of skills, knowledge and experience such that they continue to be relevant and effective to the Company's present and future requirements.

### **2.2 Board Skills Matrix**

During the reporting period, the Company did not have a board skills matrix, which is a departure from Recommendation 2.2. The Board considered that, given its size, it was able to identify and address any gaps in skills without such a matrix.

### **2.3 Composition of the Board**

The names of the directors who held office during the year are detailed in the Directors' Report, together with details of each director's length of service, skills, experience and expertise and whether the director is considered to be independent. Changes in Board membership are also set out in the Directors' Report.

### **2.4 Director Independence**

The Board recognises that independent directors are important in assuring shareholders that the Board is able to act in the best interests of the Company, and independently of management. The Board Charter sets out the Board's definition of an independent director. In summary for a director to be considered independent, they must meet all of the following materiality thresholds: -

- is not a substantial shareholder of the company or an officer of or otherwise associated directly with, a substantial shareholder of the Company;
- not benefit, directly or through a related person or entity, from any sales to or purchases from the Company or any of its related entities;
- not derive significant income (more than 10% of the director's total income) either directly or indirectly through a related person or entity from a contract with the Company or any of its related entities.

The independence of directors is reviewed annually. In assessing the independent status of a non-executive director, the Board considers the matters set out in Recommendation 2.3

which might cause doubts about independence, and other facts, information and circumstances that the Board considers relevant. As at 30 September 2015, the Board was comprised of three independent non-executive directors (D Taylor, P. Keran and Z. Ma), three non-executive directors appointed as nominees for substantial shareholders (H. Lui, Z. Wu, and J. Yongmin) and one executive director (Peter Hutchison).

There was a departure from Recommendation 2.4 in that a majority of the Board were not independent directors. However, there was a majority of non-executive directors and the Board considers that its decisions during that period reflected the best interests of the Company and were not biased towards management or any particular shareholder.

## **2.5 Chairman Independence**

Since 24 July 2015 David Taylor was the independent Chair of the Board and there was a separation of the roles of Chairman and Managing Director and Chief Executive Officer. Up until that time the both roles were occupied by Wayne McCrae and this was a departure from Recommendation 2.5. The Board considered that, given its size, and the expertise of Wayne McCrae that the Company was best served with the dual role, although it was always anticipated that as the Company moved closer to production that the roles would need to be separated.

## **2.6 Program for Inducting Directors and Providing Professional Development Opportunities**

The company does not have a program for inducting directors and providing professional development opportunities to board members and this is a departure from Recommendation 2.6. The Board believe at this time given the size of the Company this is reasonable.

# **3 Act Ethically and Responsibly**

The Company is committed to establishing and maintaining a culture and reputation for acting fairly and ethically.

## **3.1 Code of Conduct**

The Company has adopted a Code of Conduct for all staff and this is available in the Corporate Governance section of the Company's website. The Code of Conduct is part of a broad framework of other corporate policies, which apply to directors, employees and those working on the behalf of the Company. It sets out principles and core values by which the Company expects to operate its business and to interact with its stakeholders.

These policies set out the parameters for ethical behaviour in

- business dealings;
- compliance with laws;
- conflicts of interest;
- Use of Company property;
- Maintaining respect for each other and the community; and
- Compliance with the code.



## **4. Safeguard Integrity in Corporate Reporting**

### **4.1 Audit and Risk Committee**

The Board has established an Audit and Risk Committee to review and make recommendations on a number of issues including corporate reporting and audit matters. The Audit and Risk Committee Charter is available in the Corporate Governance section of the Company's website.

Membership of the Audit and Risk Committee (including relevant qualifications and experience of members), and changes which occurred since the end of the previous financial year up to the date of the report, are set out in the Directors' Report.

Details of the Committee's meetings and attendance of the members at those meetings are set out in the Directors' Report.

### **4.2 CEO and CFO declarations**

Prior to approving the Company's financial statements, the Board requires declarations from the chief executive officer and chief financial officer to the effect that (amongst other things) the Company's financial records have been properly maintained, the financial statements give a true and fair view of the Company's position, and that opinion is based on a sound system of risk management and internal control. These declarations are presented to the Board at or prior to the Board meeting at which the financial statements are considered for approval.

### **4.3 External Auditor**

The Audit and Risk Committee meets with the external auditor at least twice each year to review the adequacy of external audit arrangements. The external auditor has a direct line of communication at any time to either the Chairman of the Audit and Risk Committee or the Chairman of the Board. If requested by the external auditor, the non-executive directors shall meet with the external auditor in the absence of management to discuss potential issues associated with management controls, the preparation and audit of the financial reports and the performance of management in relation to such issues. The auditor attends and is available to answer questions at the Company's AGM.

## **5. Make Timely and Balanced Disclosure**

The Company has a Continuous Disclosure Policy designed to ensure compliance with Listing Rule 3.1. The Policy was reviewed and updated during the reporting period. As a result, shareholders and the market are provided with material information in a timely manner. It is the Company's policy that any price-sensitive material for public announcement will be reviewed before issue by the MD and CFO and will be expressed in a clear and objective manner, and lodged with the ASX in accordance with the relevant requirements. Announcements are also published on the Company's website. The Continuous Disclosure Policy is available in the Corporate Governance section of the Company's website.

## **6 Respect the Rights of Security Holders**

### **6.1 Provide Information about Itself and Corporate Governance**

The Company is committed to keeping shareholders fully informed of its significant activities and governance. Information about the Company and its governance will be communicated through the Company's website. The Company's website has a Corporate section, and it includes links to directors and senior management, governance documents, annual reports, and ASX announcements

### **6.2 Investor Relations Program**

The Company has a dedicated email address for shareholders to raise queries or concerns, and the Company seeks to respond to any issues raised by shareholders from time to time. There is a departure from Recommendation 6.2, in that the Company does not have a formal investor relations program in place.

### **6.3 Facilitating Shareholders meetings**

Shareholders are encouraged to attend the AGM, and are provided with adequate opportunity at the AGM to raise questions or items of general business. The location of the Shareholder meetings alternate between Cloncurry, where the mine is located and Gold Coast where the corporate office is located. There is a departure from Recommendation 6.3, but given the relatively small size of the Company it is not considered necessary to implement processes such as webcasting or multiple venues for general meetings.

### **6.4 Electronic Communications**

The Company has provided shareholders with the option to receive and return documents from and to the Company and its share registry by electronic means, including by email and online.

## **7 Recognise and Manage Risk**

### **7.1 The Audit and Risk Committee**

The Audit and Risk Committee oversees the Company's risk management framework. The Audit and Risk Committee Charter is available in the Corporate section of the Company's website. The members of the Audit and Risk Committee, and changes to membership during the financial year, are set out in the Company's Annual Report.

Details of the Committee's meetings and attendance of the members at those meetings are set out in the Directors' Report.

### **7.2 Review of Risk Management Framework**

The Audit and Risk Committee has undertaken a detailed review of the Company's risk management framework. The Committee is satisfied that the Company's risk management framework is sound. A Risk Register and Risk Management Framework, has been prepared in the year ended 30 June 2105. This will continue to be monitored and will be further updated when the Company reaches production.

Senior Management has also reported to the Board on the effectiveness of the management of material business risks for the year ended 30 June 2015, and will continue to do so at least annually.

### **7.3 Internal Audit Function**

The Company does not have a formal internal audit function. Risk management and internal control processes are monitored by the Audit and Risk Committee. The Company's overall internal control framework incorporates policies and procedures that can be described under the following headings:

a) Management accounts reporting

Comprehensive budgeting process is undertaken with an annual budget approved by the Board and monthly reporting to the board of actuals against this budget.

b) Financial reporting

The Board receives declarations from the Managing Director and the Chief Financial Officer in connection with the financial statements for the Group prepared each year and assurances as to the integrity of the financial statements which are founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks.

## **7.4 Environmental and Social Sustainability Risks**

The Company does not consider that it has any material exposure to environmental or sustainability risks. Those risks are managed to minimise the possibility that they could substantively impact the Company's ability to create or preserve shareholder value.

A Work Health & Safety Committee, comprising representatives from a number of operational divisions within the Company, monitors compliance with work health and safety regulations across its operations. The Committee meets regularly (at least quarterly), with any risk areas reported to the Board.

The Company's Environmental Management Policy is overseen by Managing Director, with regular reporting to the Board in relation to compliance with environmental regulations.

## **8 Remunerate Fairly and Responsibly**

### **8.1 Remuneration Committee**

The Board has established a Human Resources, Remuneration and Nomination Committee.

### **8.2 Policy re Remuneration of Key Management Personnel.**

The processes for setting the level and composition of remuneration for directors and senior executives are set out in the Remuneration Report which forms part of the Directors' Report.

Non-executive directors are not entitled to receive bonus payments, nor are they entitled to receive termination payments on their retirement from office other than payments accruing from superannuation contributions comprising part of their remuneration. There are also no retirement benefit plans available to non-executive directors.

### **8.3 Equity Based Remuneration Scheme**

The Company has a Loan Funded Share Plan which has been approved by shareholders. Participants of the plan are not permitted to enter into transactions which limit the economic risk of participating in the scheme.