

CAPRICORN METALS LTD
ACN 121 700 105
(Company)

Corporate Governance Statement – 19 October 2020

1.1 ASX Corporate Governance Council Principles and Recommendations

Capricorn Metals Ltd ('Capricorn' or the 'Company') has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**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 and composition of the Board and the implementation of corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this statement are outlined below and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website (www.capmetals.com.au).

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance policies are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

Composition of the Board

In appointing new members to the Board, consideration is given to the skills, experience and expertise of prospective and current Directors. The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

Identification and management of risk

The Board delegates the responsibility for undertaking and assessing risk to the Company's Management. Management is required to assess risk management and the associated internal compliance and control procedures and report back to the Board. The Board reviews assessments of the effectiveness of risk management and internal compliance and control at least annually.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Share Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors, Officers and, senior executives). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company's shareholders in general meeting are responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

1.2 Departures from Recommendations

The Company will be required to report any departures from the Recommendations in this annual Corporate Governance Statement.

The Company's compliance and departures from the Recommendations as at the date of this statement are set out on the following pages.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a board charter setting out:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	YES	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p>

<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>	<p>YES</p>	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>												
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) 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</p>	<p>PARTIALLY</p>	<p>(a) The Company has adopted a Diversity Policy.</p> <p>(i) The Diversity Policy provides a framework for the Company to achieve a list of measurable objectives that encompass gender equality, and when appropriate taking into account the Company's changing size and nature it intends to establish measurable gender diversity objectives.</p> <p>(ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on any measurable objectives adopted.</p> <p>(b) The Diversity Policy is available on the Company's website.</p> <p>(c) The Company did not set measurable gender diversity objectives for the past financial year. See (a) above.</p> <p>The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation as at 30 June 2020 is disclosed below:</p> <table data-bbox="1167 1228 2085 1447"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Senior Executive*</td> <td>67%</td> <td>33%</td> </tr> <tr> <td>Whole Organisation</td> <td>83%</td> <td>17%</td> </tr> </tbody> </table>		Male	Female	Board	100%	0%	Senior Executive*	67%	33%	Whole Organisation	83%	17%
	Male	Female												
Board	100%	0%												
Senior Executive*	67%	33%												
Whole Organisation	83%	17%												

<p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>		<p>*Senior Executives are individuals at the highest level of organisational management who have the day to day responsibilities of managing the Company below the Board. The Senior Executives for the purposes of the table above include the Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer and Company Secretary.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>PARTIALLY</p>	<p>(a) The Board is responsible for evaluating the performance of the Board and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. With the changes made to the Board during the year and subsequent to the end of the financial year, no formal Board evaluation of the performance of the Board and Individual Directors was conducted.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>PARTIALLY</p>	<p>(a) The Board is responsible for evaluating the performance of senior executives. The Board will undertake an annual performance evaluation of the senior executives.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of senior executives. Schedule 6 "Performance Evaluation" requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. No formal performance evaluation was conducted during the year due to the changes made at senior executive level during the period.</p>

Principle 2: Structure the Board to add value

Recommendation 2.1

The Board of a listed entity should:

(a) have a nomination committee which:

- (i) has at least three members, a majority of whom are independent Directors; and
- (ii) is chaired by an independent Director, and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (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

(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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.

PARTIALLY

Due to the size and nature of the existing Board, and the magnitude of the Company's operations, the full Board currently performs the role of the Nomination Committee.

Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Nomination Committee and in the Company's view the experience and skill set of the current Board is sufficient to perform these roles.

The duties of the Nomination Committee (which are currently carried out by the Board) are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website.

The Board devotes time at Board meetings to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.

The Board reviews and updates the Company's Board skills matrix (in accordance with recommendation 2.2) to assess and ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to discharge its duties and responsibilities effectively.

<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>Under the Board Charter, the Company 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 regularly against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise.</p> <p>Full details as to each Director and senior executive's relevant skills and experience are available on the Company Website and in the Annual Report</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation, 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</p> <p>(c) the length of service of each Director</p>	<p>YES</p>	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Report. Mr Mark Okeby and Mr Myles Ertzen are considered to be independent directors.</p> <p>(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Director's interests, positions associations and relationships are provided in the Annual Report.</p> <p>(c) The Board Charter requires the length of service of each Director to be disclosed. The length of service of each Director will be provided in the Annual Report.</p>

<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	<p>YES</p>	<p>The Board Charter requires that, where practical, the majority of the Board must be independent.</p> <p>The Board consists of three directors, two of whom are considered independent.</p> <p>Details of each Director's independence are provided in the Annual Reports.</p>
<p>Recommendation 2.5</p> <p>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.</p>	<p>NO</p>	<p>The Board Charter provides that, where practical, the Chairman of the Board should be an independent Director. The present Chairman, Mr Mark Clark, is not independent as he is a full-time executive of the Company.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.</p>	<p>YES</p>	<p>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p>
<p>Principle 3: Act ethically and responsibly</p>		
<p>Recommendation 3.1</p> <p>A listed entity should articulate and disclose its values.</p>	<p>YES</p>	<p>The Board has adopted a set of values which are the foundation for how the Company achieves business objectives, which are supported by the Company's Code of Conduct and other policies available on the Company's website.</p>
<p>Recommendation 3.2</p> <p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) ensure that the Board or a Committee of the Board is informed of any material breaches of that code.</p>	<p>YES</p>	<p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees and is available on the Company's website.</p> <p>(b) Any material breaches of the Company's Corporate Code of Conduct are to be reported to the Board.</p>

<p>Recommendation 3.3</p> <p>A listed entity should:</p> <p>(a) have and disclose a Whistleblower policy; and</p> <p>(b) ensure that the Board or a Committee of the Board is informed of any material breaches of that policy.</p>	<p>YES</p>	<p>(a) The Company's Whistleblower Policy applies to the Company's Directors, senior executives and employees and is available on the Company's website.</p> <p>(b) The Whistleblower Policy states that the Whistleblower Protection Officer must investigate and disclose any material breaches of the policy to the Board.</p>
<p>Recommendation 3.4</p> <p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the Board or a Committee of the Board is informed of any material breaches of that policy.</p>	<p>YES</p>	<p>(a) The Company's Anti-Bribery and Corruption Policy applies to the Company's Directors, senior executives and employees and is available on the Company's website.</p> <p>(b) The Company's Anti-Bribery and Corruption Policy states that Authorised Officers must investigate and disclose any material breaches of that policy to the Board.</p>

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1

The Board of a listed entity should:

(a) have an audit 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:

- (i) the charter of the committee;
- (ii) the relevant qualifications and experience of the members of the committee; and
- (iii) 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

PARTIALLY

The Company currently does not have an Audit Committee and the full Board currently performs the role of the Audit Committee. This is due to the current size of the Company and the Board which only comprises three Directors, the magnitude of its operations and the fact that the Board has sufficient skills and expertise to effectively carry out the role of the Audit and Risk Committee,

Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit Committee under the written charter for that committee.

The role and responsibilities of the Audit Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website, which include managing the relationship of the Company with its external auditors.

(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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board devotes time at Board meetings to fulfil the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.

<p>Recommendation 4.2</p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>YES</p>	<p>The obligations of a Company's CFO or CEO (if any) are set out in the Company's Corporate Governance Plan.</p>
<p>Recommendation 4.3</p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>YES</p>	<p>The Company has comprehensive practices in place to verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to satisfy the Board that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions.</p> <p>Copies of all market announcements are also required to be circulated to the Board promptly, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.</p>
<p>Principle 5: Make timely and balanced disclosure</p>		
<p>Recommendation 5.1</p> <p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1</p>	<p>YES</p>	<p>The Board Charter provides details of the Company's disclosure policy. In addition, the Company's Continuous Disclosure policy details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. The Board Charter and Continuous Disclosure policy are available on the Company website.</p>

<p>Recommendation 5.2</p> <p>A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.</p>	<p>YES</p>	<p>As per the Company's Continuous Disclosure policy, all market announcements are reviewed by members of the Board, who are required to provide their verbal or written approval, prior to release on the ASX platform.</p>
<p>Recommendation 5.3</p> <p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>		<p>The Company's Continuous Disclosure policy states that any written materials containing new price sensitive information must be lodged with the ASX prior to a briefing or presentation commencing.</p>
<p>Principle 6: Respect the rights of security holders</p>		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p>	<p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>YES</p>	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>YES</p>	<p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material in that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>

Recommendation 6.4	PARTIALLY	
<p>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>		<p>Resolutions at shareholder meetings will be decided by a poll rather than a show of hands if:</p> <ul style="list-style-type: none"> a) a resolution is a Listing Rule resolution; or b) if the proxy votes received on that resolution are not overwhelming in favour of the resolution. <p>The Company's share registry will assist with the running of the poll.</p>
Recommendation 6.5	YES	<p>The Shareholder Communication Strategy states that, as a part of the Company's investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
Principle 7: Recognise and manage risk		
Recommendation 7.1	PARTIALLY	
<p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, 		<p>The Company currently does not have a Risk Committee and the full Board currently performs the role of the Risk Committee due to the size and nature of the existing Board and the magnitude of the Company's operations. Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Risk Committee under the written terms of reference for that committee.</p>

<p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (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 <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>		<p>The role and responsibilities of the Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devotes time at Board meetings to fulfil the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and (b) disclose in relation to each reporting period, whether such a review has taken place. 	<p>YES</p>	<ul style="list-style-type: none"> (a) The Company's process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. This is contained in the Audit and Risk Committee Charter. (b) Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure - Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. <p>The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings are provided in the Company's Annual Reports.</p>

<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>YES</p>	<p>The Company does not currently have a formal internal audit function, however the Board oversees the effectiveness of governance, risk management and internal control processes.</p> <p>Management is charged with resourcing, operating and monitoring the system of internal control, incorporating risk responses in the form of controls into its management systems, and reporting results of the effectiveness of these systems to the Board.</p> <p>Internal control measures currently adopted by the Company include:</p> <ul style="list-style-type: none"> i) monthly reporting to the Board in respect of operational and financial performance; ii) authority limits established for management which must not be exceeded unless prior Board approval is obtained; and iii) regular reports to the Board from members of the management team outlining the nature of particular risks and proposed procedures to be adopted. <p>The Board monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>YES</p>	<p>Schedule 3 of the Company's Corporate Governance Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate).</p> <p>Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.</p>

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Board of a listed entity should:

(a) have a remuneration committee which:

- (i) has at least three members, a majority of whom are independent Directors; and
- (ii) is chaired by an independent Director, and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (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

(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.

PARTIALLY

Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.

The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 the Company's Corporate Governance Plan available online on the Company's website.

The Board devotes time at the Board meetings to fulfil the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Recommendation 8.2

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

YES

The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors which is disclosed in the Remuneration Report which forms a part to the Directors' Report in the Annual Report.

<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) 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. The Board must review and approve any equity based remuneration schemes and any transactions which limit the economic risk of participating in the scheme.</p> <p>A copy of the Company's Corporate Governance Plan is available on the Company's website.</p>
---	------------	---