

Corporate Governance Statement

Approved by the Board on 22 September 2021

Overview

The Company's board of directors (Board) is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

Accordingly, the Company has, where appropriate, sought to adopt the "Corporate Governance Principles and Recommendations" (Fourth Edition) (ASX Recommendations) published by the ASX Corporate Governance Council.

The corporate governance principles and practices adopted by the Company may differ from those set out in the ASX Recommendations where the Board considers that adherence is not appropriate, having regard to the nature, complexity and size of the Company's business.

The Company reports below on its compliance with the ASX Recommendations and those matters of corporate governance where the Company's practice departs from the ASX Recommendations to the extent that they are currently applicable to the Company. This statement is current as at 22 September 2021.

ASX Corporate Governance Principles and Recommendations

1. Principle 1: Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

1.1 Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

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

Compliance with ASX Recommendation: followed

The Company has adopted a Board Charter which discloses the respective roles and responsibilities of the Board and senior management and identifies those matters expressly reserved to the Board and those delegated to management.

The Board Charter sets out the specific responsibility 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

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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.

The Board Charter is available on the Company's website.

1.2 Recommendation 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 relevant to a decision on whether or not to elect or re-elect a director.*

Compliance with ASX Recommendation: followed

The Company conducts appropriate checks of candidates prior to their appointment or nomination for election by shareholders.

The Company has guidelines for the appointment and selection of the Board and senior executives in its Corporate Governance Plan.

Prior to the appointment of any new Director, each current Director will meet with the proposed candidate. The Board will also review the proposed candidate's background through review of publicly available information including but not limited to ASX announcements, annual reports and other media.

The Company does not propose to conduct specific checks prior to nominating an existing Director for re-election by shareholders at a general meeting on the basis that this is not considered necessary in the Company's circumstances.

The Company includes in its notices of meeting, succinct biographical information on each Director who stands for election or re-election. The biography sets out the relevant qualifications and experience of the nominated Director for consideration by shareholders.

1.3 Recommendation 1.3

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

Compliance with ASX Recommendation: followed

The Company engages or employ its Directors and other senior executives under written agreements setting out key terms and otherwise governing their engagement or employment by the Company.

Each Non-executive Director is engaged under a letter of appointment.

1.4 Recommendation 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.

Compliance with ASX Recommendation: followed

The Company Secretary reports directly, and is accountable, to the Board through the Chairman in relation to all governance matters.

The Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures and coordinates circulation of meeting agendas and papers.

1.5 Recommendation 1.5

A listed entity should:

- (a) *have and disclose a diversity policy;*
- (b) *through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and*
- (c) *disclose in relation to each reporting period;*
 - (i) *the measurable objectives set for that reporting period to achieve gender diversity;*
 - (ii) *the entity's progress towards achieving those objectives; and*
 - (iii) *either:*
 - (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*
 - (B) *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.*

Compliance with ASX Recommendation: Recommendation 1.5(a) and 1.5(c) followed; recommendation 1.5(b) not followed

The Board has adopted a diversity policy. However, considering the size and scale of the Company, the Board has not set a measurable objective for achieving gender diversity.

As at 30 June 2021, the Company's sole employee is female. Until 1 December 2020, the Company had one female and one male employee.

There are no females on the Board.

The Diversity Policy is available on the Company's website.

1.6 Recommendation 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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

Compliance with ASX Recommendation: not followed

The Company does not have in place a formal process for evaluation of the Board, its committees and individual Directors. The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy inefficient. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events, the Board as a whole will review performance of senior management, Directors and the Board. No performance evaluations of Board members were undertaken during the period.

1.7 Recommendation 1.7

A listed entity should:

- (a) *have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and*
- (b) *disclose in relation to each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect to that period.*

Compliance with ASX Recommendation: Not followed

The Company does not have a formal process for evaluation of its key executives in place. The Company's comparatively small size and the nature of its activities make the establishment of a formal performance evaluation strategy inefficient. As with evaluation of Directors, performance evaluation for key executives is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the executives and management, as a whole. No performance evaluations of executives were undertaken during the period.

2. Principle 2: Structure the Board to Add Value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

2.1 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:*
 - (A) *the charter of the committee;*
 - (B) *the members of the committee;*
 - (C) *at the end of each reporting period, the number of times the committee met; and*
 - (D) *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.*

Compliance with ASX Recommendation: 2.1(a) not followed, 2.1(b) followed

The Company does not have a nomination committee. The full Board, which presently comprises three Non-Executive Directors (formerly two Non-Executive Directors and one Executive Director) considers the matters and issues that would otherwise be addressed by a nomination committee.

Candidacy for the Board is based on merit against objective criteria with a view to maintaining an appropriate balance of skills and experience. Generally, candidates for the office of Director are individually assessed by the Chairman before appointment or nomination to ensure that they possess the relevant skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board considers that, given the current size and scale of the Company's operations, establishing a separate nomination committee would be inefficient, but the Board intends to reconsider the requirement for, and benefits of, a separate nomination committee when Company's operations grow to a point where a nomination committee is appropriate.

2.2 Recommendation 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.

Compliance with ASX Recommendation: followed

Board has adopted a skills matrix. The Hexagon Board Skills Matrix is as follows:

	Capital Markets	Resource Industry	Project Development	Mining/Geology	Finance Accounting	Native Title	Listed Company
Charles Whitfield	√	√	√		√		√
Justyn Stedwell	√	√			√		√
Garry Plowright		√		√		√	√

2.3 Recommendation 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 of the type described in Box 2.3 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.*

Compliance with ASX Recommendation: followed

The Board has a majority of directors who satisfy the criteria for independence as outlined in the ASX Recommendations.

The Board currently comprises the following members:

- (a) Mr Charles Whitfield – Non-Executive Chairman

Mr Whitfield was appointed a non-executive director on 22 August 2016 (5 years, one month) and has been non-Executive Chairman since 4 May 2017 (four years, five months). Mr Whitfield is not a significant shareholder in the company and has served in this role for such a period that the Board considers him to be independent. Mr Whitfield does have a consulting agreement with the Company, however the Board still considers him to be independent due to the nature of the consulting agreement and considers that it does not compromise his independence.

- (b) Mr Justyn Stedwell - Non-Executive Director

Mr Stedwell was appointed as a Non-executive Director on 1 December 2020 (ten months). Mr Stedwell did have a consulting arrangement with

the Company as a Joint Company Secretary until 2 June 2021. The Board considers him to be independent notwithstanding that he acted as Joint Company Secretary for a period of six months.

(c) Mr Garry Plowright - Non-Executive Director

Mr Plowright was appointed on 10 June 2015 (six years, three months). Mr Plowright is not a significant shareholder in the company and has served in this role for such a period that the Board considers him to be independent. The Board considers him to be independent.

2.4 Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Compliance with ASX Recommendation: followed

The Board comprises a majority of independent directors at present. From 1 December 2020, all three Directors satisfy the criteria for independence for the purposes of ASX Recommendation 2.3. Until 1 December 2020, the Company had a majority of directors who satisfied the independence requirement namely Mr Charles Whitfield and Mr Garry Plowright.

2.5 Recommendation 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.

Compliance with ASX Recommendation: followed

The roles of Chairman and Managing Director are exercised by different persons.

The Chairman of the Company, Mr Charles Whitfield, is an independent director in accordance with the criteria for independence as outlined in the ASX Recommendations. The Company has not had a Managing Director since the resignation of Mr Rosenstreich in December 2020.

2.6 Recommendation 2.6

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.

Compliance with ASX Recommendation: not followed

The Company does not currently have a formal induction program for new Directors or a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and complexity of the Company's operations.

All Directors are generally experienced in exploration and mining company operations, albeit in different aspects for example project development, operations, finance and/or corporate governance.

When the Company's operations grow and evolve, the Board will consider adopting such a program, if then appropriate.

3. Principle 3: Instill a Culture of Acting Lawfully, Ethically and Responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

3.1 Recommendation 3.1

A listed entity should articulate and disclose its values.

Compliance with ASX Recommendation: followed

The Company complies with this Recommendation 3.1.

The Company expects Directors, Officers and Employees to practice honesty, integrity and observe high standards of business and personal ethics and comply with all applicable laws and regulations in fulfilling their duties and responsibilities.

The Company's values are disclosed in the Code of Conduct policy and is available on the Company's website.

3.2 Recommendation 3.2

A listed entity should:

- (a) *have a code of conduct for its directors, senior executives and employees; and*
- (b) *ensure that the board or a committee of the board is informed of any material breaches of that code.*

Compliance with ASX Recommendation: followed

The Board believes that there should be a strong ethical culture within the Company. Accordingly, the Board has adopted a Code of Conduct which sets out minimum standards with which the directors, officers, managers, employees and consultants of the Consolidated Group are expected to comply in relation to the affairs of the Company's business and when dealing with each other, shareholders and the broader community.

The Code sets out the Company's policies on various matters, including the following:

- (a) acting with integrity and honesty;
- (b) compliance with all applicable laws, rules and regulations;
- (c) conflicts of interest;
- (d) dealings with the Company's assets and property;
- (e) use and confidentiality of information;

In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

The Company's Code of Conduct is available on the Company's website.

Any material breaches of the Code of Conduct are to be reported to the Board.

3.3 Recommendation 3.3

A listed entity should:

(a) have and disclose a whistleblower policy; and

(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

Compliance with ASX Recommendation: followed

The Company has adopted a Whistleblower policy which can be accessed on the website.

Any material breaches of the Whistleblower Protection Policy are to be reported to the Board.

3.4 Recommendation 3.4

A listed entity should:

(a) have and disclose an anti-bribery and corruption policy; and

(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

Compliance with ASX Recommendation: followed

The Company's Anti-Bribery Policy is available on the Company's website. The Anti-Bribery Policy was adopted by the Board on 22 September 2021. Until that date, the Company did not have an Anti-Bribery Policy.

Any material breaches of the Anti-Bribery Policy are to be reported to the Board.

4. Principle 4: Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports

4.1 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 the charter of the committee;*
 - (iii) *the relevant qualifications and experience of the members of the committee; and*
 - (iv) *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.*

Compliance with ASX Recommendation: 4.1(a) not followed, 4.1(b) followed

The Company does not have an audit committee.

The role of the audit committee is undertaken by the full Board, which presently comprises three Non-Executive Directors (formerly two Non-Executive Directors and one Executive Director).

The Board has charged the Chief Commercial Officer with preparing the annual and half yearly reports. These reports are subsequently audited by the Company's auditors. The Chief Commercial Officer also compiles the information and prepares the Company's quarterly financial and operational reports.

All Company reports are reviewed by the Board before they are finalised and the Directors are given the opportunity to question and consider the information in the reports.

The Board considers that, given the current size and complexity of the Company's operations and given that only one Director held an executive position in the Company at any time during the year, establishing a separate audit committee would be inefficient. As the Company's become more complex, the Board will reconsider the appropriateness of forming a separate audit committee.

4.2 Recommendation 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.

Compliance with ASX Recommendation: followed

The Company obtains declarations from the Chairman (fulfilling the role of CEO formerly filled by the Managing Director) and Chief Operations Officer (who fulfils the role of CFO), substantially in the form referred to in ASX Recommendation 4.2, before its financial statements are approved.

4.3 Recommendation 4.3

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.

Compliance with ASX Recommendation: followed

Where a report does not require an audit or review by an external auditor, the report is prepared under the supervision of the Chief Operations Officer. Once finalised it is circulated to the full Board for comment and approval prior to lodging with the ASX.

5. Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

5.1 Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.

Compliance with ASX Recommendation: followed

The Company is a “disclosing entity” pursuant to section 111AR of the Corporations Act and as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company’s securities.

The Company is committed to complying with its disclosure obligations under the Corporations Act and its obligations under the ASX Listing Rules. All relevant information provided to ASX is posted on the Company’s website.

The Company has adopted a Continuous Disclosure Policy, the purpose of which is to:

- (a) ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and;
- (b) provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
- (c) promote investor confidence in the integrity of the Company and its securities.

The Continuous Disclosure Policy is available on the Company’s website.

5.2 Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Compliance with ASX Recommendation: followed

The Board Charter provides details of the Company’s protocol in relation to the review and release of ASX announcements and media releases. Any material market announcement is first prepared by the appropriate department of the Company and forwarded to the Company Secretary and Chairman (Managing Director until December 2020) for review before circulating it to the full board for comment and approval prior to lodging with the ASX.

5.3 Recommendation 5.3

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.

Compliance with ASX Recommendation: followed

The Company lodges all presentations prior to any meeting with analysts. From time to time the Company will provide a Company Update which is lodged on the ASX platform ahead of the commencement of trading hours where possible.

6. Principle 6: Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

6.1 Recommendation 6.1

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

Compliance with ASX Recommendation: followed

Information on the Company's corporate governance, including copies of its various corporate governance policies and charters, are available on the Company's website.

6.2 Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

Compliance with ASX Recommendation: followed

The Board has adopted a Shareholder Communications Policy, the purpose of which is to facilitate the effective exercise of shareholders' rights by communicating effectively with shareholders, giving shareholders access to information about the Company and its corporate strategies and making it easy for shareholders to participate in general meetings of the Company.

The Company communicates with shareholders:

- (a) through releases to the market via the ASX;
- (b) through the Company's website;
- (c) through information provided directly to shareholders; and
- (d) at general meetings of the Company.

The Shareholder Communications Policy is available on the Company's website.

The Chairman has the primary responsibility for communication with shareholders.

6.3 Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Compliance with ASX Recommendation: followed

In accordance with the Company's Shareholder Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation.

In preparing for general meetings of the Company, the Company will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous.

The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting.

6.4 Recommendation 6.4

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.

Compliance with ASX Recommendation: followed

All substantive resolutions to be considered by shareholders are decided by a poll, rather than a show of hands. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material in that notice of meeting stating that resolutions will be decided by a poll.

6.5 Recommendation 6.5

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

Compliance with ASX Recommendation: followed

The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.

In accordance with the Shareholder Communication Policy, the Company gives shareholders the option to receive communications from the Company electronically and the Company encourages them to do so.

All shareholders that opt to receive communications electronically will be provided with notifications by the Company when an announcement or other communication (including annual reports, notices of meeting etc) is uploaded to the ASX announcements platform.

7. Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework

7.1 Recommendation 7.1

The board of a listed entity should:

- (a) *have a committee or committees to oversee risk each of which:*
 - (i) *has at least three members, a majority of whom are independent directors; and*
 - (A) *is chaired by an independent director, and disclose,*
 - (B) *the charter of the committee;*
 - (C) *the members of the committee; and*
 - (D) *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.*

Compliance with ASX Recommendation: 7.1(a) not followed, 7.1(b) followed

The Company does not have a separate risk management committee.

The role of the risk management committee is undertaken by the full Board, which presently comprises three Non-Executive Directors (formerly two Non-Executive Directors and one Executive Director).

The Board considers that, given the current size and complexity of the Company's operations and that only one Director held an executive position in the Company at any time during the year, establishing a separate risk management committee will not be efficient, at present. As the Company's operations become more complex, the Board will reconsider the appropriateness of forming a separate risk management committee.

However, the Board employs a non-formal system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Chief Operations Officer (formerly the Managing Director). The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

7.2 Recommendation 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.*

Compliance with ASX Recommendation: not followed

As the Board has responsibility for the monitoring of risk management. The Board believes that the Company's affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

7.3 Recommendation 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.*

Compliance with ASX Recommendation: 7.3(a) not followed, 7.3(b) followed

The Company does not currently have an internal audit function. This function is undertaken by the full Board.

The Company's internal controls include the following:

- (c) use of appropriately qualified consultants and advisors;
- (d) identification of key risks, assessing them and determining appropriate risk treatment;
- (e) managing activities within budgets and operational and strategic plans;
- (f) monthly financial reporting against budget;
- (g) visiting the Company's exploration project areas to review practices;
- (h) appraisal procedures and due diligence requirements for potential acquisitions or divestments; and
- (i) reliance on auditor reviews and senior management declarations.

The Chief Commercial Officer (formerly the Managing Director until December 2020) is charged with evaluating and considering improvements to the Company's risk management and internal control processes on an ongoing basis.

The Board considers that an internal audit function is not necessary given the current size and complexity of the Company's operations and that only one Director held an executive position in the Company at any time during the year. As the Company's operations become more complex, the Board will reconsider the appropriateness of adopting an internal audit function.

7.4 Recommendation 7.4

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.

Compliance with ASX Recommendation: followed

The Company's is subject to various environmental and social risks, which may materially impact the Company's ability to operate and to generate value for shareholders.

These include:

(a) Environmental risks

The operations and activities of the Company are subject to environmental laws and regulations, which can be amended by the relevant authorities from time to time. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. As a result, there is risk that the Company may incur liability under environmental laws that is greater than costs it anticipated.

(b) Native Title, Aboriginal Heritage and Heritage

The *Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and in future, mining activities, or obtain exploration or mining licences in Australia. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation. In carrying out exploration and/or mining operations, the Company must observe Native Title legislation (where applicable), Aboriginal heritage legislation and heritage legislation which protects sites and objects of significance and these may delay or impact adversely on the Company's operations in Australia.

(c) Occupational health & safety

The exploration and mining industry has become subject to increasing occupational health and safety responsibility and liability. The Company may become liable for past and current conduct which violates such laws and regulations, which may be amended by the relevant authorities. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against the Company. These events might not be insured by the Company or may be uninsurable. In addition, any changes in health and safety laws and regulations may increase compliance costs for the Company. Such an event would negatively impact the financial results of the Company.

(d) Key personnel

The ability of the Company to achieve its objectives depends on the retention of key personnel who provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals will be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

The Company has completed a Corporate Risk Register and other procedures to identify, mitigate and manage these risks. These policies are updated from time to time as the Board considers appropriate in the circumstances for the management of the Company's risk profile.

8. Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

8.1 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:*
 - (A) *the charter of the committee;*
 - (B) *the members of the committee; and*
 - (C) *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.*

Compliance with ASX Recommendation: 8.1(a) not followed, 8.1(b) followed

The Company has not established a separate remuneration committee and does not have a formal remuneration policy in place.

The role of the remuneration committee is undertaken by the full Board which presently comprises three Non-Executive Directors (formerly two Non-Executive Directors and one Executive Director). The Board considers that, given its current size and that only one Director held an executive position in the Company at any time during the year, establishing a separate remuneration committee will be inefficient, at present.

The Company sets out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within the Company's annual report to shareholders.

The full Board determines all compensation arrangements for Directors, in accordance with the charter. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover on the same basis.

The maximum aggregate remuneration payable (currently set at \$300,000 per annum) to Non-Executive Directors may be varied by shareholder approval at a General Meeting.

As the Company's operations become more complex, the Board will reconsider the appropriateness of forming a separate remuneration committee.

8.2 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.

Compliance with ASX Recommendation: followed

The Company's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior executives is set out in the Remuneration Report contained in the Company's Annual Report for each financial year.

8.3 Recommendation 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.*

Compliance with ASX Recommendation: followed

The Company has an equity-based remuneration scheme which was approved by shareholders in a prior year.

Participants shall not be permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

The Company's Securities Trading Policy and its equity-based remuneration scheme prohibits employees entering into transactions in financial derivatives (including options) which limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes.

Whilst the Company's Securities Trading Policy sets out the circumstances in which the Company's directors, officers and employees are prohibited from dealing in the Company's securities, there is no specific policy guidance on whether participants in any equity-based remuneration scheme the Company may in future implement, are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. Such a policy will be considered in future, if appropriate.

The Securities Trading Policy is available on the Company's website.