

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

KGL Resources Limited

ABN / ARBN:

082 658 080

Financial year ended:

31/12/2016

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: www.kglresources.com.au

The Corporate Governance Statement is accurate and up to date as at 19 April 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 21 April 2017

Name of Director or Secretary authorising lodgement: Kylie Anderson

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at Corporate Governance Statement and website	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>QR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<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>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<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>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the company website</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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.	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at 2016 Annual Report	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the Company website</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at 2016 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<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, 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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the Company website</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at 2016 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<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>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the Company website</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at 2016 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<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>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p>Alternative to Recommendation 1.1 for externally managed listed entities:</p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

CORPORATE GOVERNANCE STATEMENT

Principle 1: Lay Solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management. And how their performance is monitored and evaluated.

Recommendation	KGL's Compliance Statement
<p>1.1 A listed entity should disclose:</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>	<p>Role of the Board</p> <p>The Board is responsible for the governance of the Company and its authority to act is derived from the Constitution.</p> <p>Specifically the following matters are reserved for the board</p> <p><i>Strategy</i></p> <ul style="list-style-type: none">) Providing the framework for, and approval of, the Company's strategic and business plans including general and specific goals.) Directing, monitoring and assessing the Group's performance against strategic and business plans, to ensure proper progress is being achieved.) Approving and monitoring capital management, major capital expenditure and project development acquisitions and divestments. <p><i>Risk management</i></p> <ul style="list-style-type: none">) Identifying the principal risks of the Company's business.) Reviewing and ratifying the Group's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems.) Monitoring occupational health, safety and environmental performance and compliance and ensuring commitment of appropriate resources. <p><i>Reporting</i></p> <ul style="list-style-type: none">) Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders. <p><i>Management</i></p> <ul style="list-style-type: none">) Appointment and removal of the Chief Executive Officer.) Appointment and removal of the Company Secretary) Determining whether the remuneration and conditions of service of senior executives are appropriate.) Establishing and monitoring executive succession planning.) Delegating authority to the Chief Executive Officer. <p><i>Performance</i></p> <ul style="list-style-type: none">) Approving criteria for assessing performance of the Chief Executive Officer.) Monitoring and evaluating the performance of the Chief Executive Officer.) Undertaking an annual performance evaluation of itself. <p><i>Corporate governance</i></p> <ul style="list-style-type: none">) Encouraging ethical behaviour and compliance with the Company's Code of Conduct.) Evaluating the Company's compliance with corporate governance standards.) Performing such other functions as prescribed by law. <p>As at the date of this report, the Board has established the following committees to assist it in discharging its functions</p> <ul style="list-style-type: none">) Audit and Risk Committee) Remuneration and Nomination Committee <p>The company's Board Charter, providing details of the specific roles and accountabilities of the Board is provided on the website www.kglresources.com.au</p>
<p>1.2 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>Before a Director is appointed, the Board has and will undertake appropriate evaluations. Where a director is standing for election or re-election, the notice of meeting will set out information on the director including qualifications and experience, independence status and the recommendation of the rest of the Board on the resolution.</p>

<p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The Explanatory Memorandum of the Notice of Meeting contains detailed information on each director standing for reelection/re-election.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment</p>	<p>Each Director executes a Letter of Appointment with the Company prior to appointment as a director. The Letter of Appointment covers the following key terms:</p> <ul style="list-style-type: none">) Performance requirements in terms of board meetings and matters under consideration) Key responsibilities and powers as detailed in the board Charter) Conditions of continuing in the role of director) Membership of committees) Remuneration) Consideration of independence and) Ability to seek independent advice. <p>Details of the Directors and Executives employment are also provided annually in the remuneration report.</p> <p>Each executive is employed under an employment agreement which sets out the employment terms, duties, and responsibilities, remuneration details and the circumstances under which employment can be terminated.</p>
<p>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.</p>	<p>The Company Secretary reports solely to the board and communication between the directors and the company secretary is open and unfettered. The Company Secretary advises the Board and its committees on governance matters, attends and takes minutes at all Board and board committee meetings, communications with the ASX and ASIC on all regulatory matters, monitors adherence to Board policies and procedures and retains all professional advisors at the Board's request.</p>
<p>1.5 A listed entity should</p> <p>(a) Have a diversity policy which includes requirement for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them</p> <p>(b) Disclose that policy or a summary of it; and</p> <p>(c) Disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress toward achieving them and either</p> <p>i. The respective proportions of men and</p>	<p>KGL Resources Limited recognises that a diverse and inclusive workforce is not only good for KGL employees; it is also good for the company. It helps attract and retain talented people, create more innovative solutions and ultimately create value for KGL stakeholders. Although the company is yet to develop a diversity policy, it believes that a gender diverse workplace is aligned with the strategic objectives of the company. A policy will be developed as KGL develops other Human Resource polices as part of its ongoing growth and advancement of commodity projects.</p> <p>As at the date of this report, KGL employed 5 persons, 1 is a woman. There is 1 woman in a senior role, being the company secretary, and no women on the board. The company is not a "relevant employer" as defined under the Workplace Gender Equality Act.</p>

- women on the board, in senior executive positions and across the whole organization
- ii. 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 the Act.

- 1.6 A listed entity should:**
- (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The KGL board comprises only 3 members and although a formal process does not exist, evaluation of the performance of the board in relation to certain situations is undertaken on an ongoing basis

A review of the board committees was undertaken in 2016 which lead to the Sustainability Committee being disbanded and issues relating to Sustainability being dealt with as a standing agenda item at Board Meetings.

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

The last 12 months has seen significant restructuring undertaken of the executive roles within KGL. The Board in conjunction with the Remuneration and Nomination Committee will be undertaking a review of processes for evaluation of the performance of senior executives.

Principle 2: Structure the Board to add value

A listed entity should have a board of appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation	KGL's Compliance Statement
<p>2.1 A board of a listed entity should</p> <p>(a) Have a nomination committee which:</p> <ul style="list-style-type: none"> i. Has at least three members, a majority of whom are independent directors 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 attendance of the member at those meetings; or <p>(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.</p>	<p>The Board has established a Remuneration and Nomination committee. The Committee is comprised of three directors, one of whom is independent. The Board considers that the size and composition of the Committee is appropriate given the board composition and the stage in the company's development and that the function of the committee is not compromised by its composition.</p> <p>The committee members are: Mr Ferdian Purnamasidi (Chairman and non-executive director) Mr Denis Wood (Director) Mr Chris Bain (Independent non-executive director).</p> <p>The role of the committee is as follows:</p> <ul style="list-style-type: none">) Review and recommend policies on payments for directors) Identify and recommend to the Board candidates for the Board after considering appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the company.) Approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities.) Assess and consider the amount of time required by non-executive directors to properly fulfil their duty to the company) Consider and recommend to the Board, candidates for election of re-election to the Board at each annual shareholders meeting) Review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board
<p>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.</p>	<p>Directors recognise the following skills as being either essential or desirable to the effective operation of the board. An assessment is made as to whether any of these skills are required from the members of the board or whether they are better sourced through a consultant. At present the board believes that these skills are adequately cover by the current directors and the use of consultants where necessary.</p> <ul style="list-style-type: none">) Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the company) Financial Performance Qualifications and experience in accounting and/or finance: <ul style="list-style-type: none"> o Oversee budgets and efficient use of resources o Analyse financial statements o Critically assess financial viability and performance

	<ul style="list-style-type: none"> o Contribute to strategic financial planning o Oversee funding arrangements and accountability) Legal <ul style="list-style-type: none"> o Formal legal qualifications o Understanding of the legal framework in which companies operate.) Risk and compliance oversight <ul style="list-style-type: none"> o Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.) Corporate Governance <ul style="list-style-type: none"> o Knowledge and experience in best practice corporate governance, particularly in the context of listed company requirements, including Corporate Governance Guidelines.) Major Transactions <p>Experience at a board level of overseeing and managing large acquisitions, divestments, joint ventures etc</p>) Financial/Equity Market Experience <p>Experience in and understanding of the fundamentals and operation of financial/ equity markets.</p>) Experience at an executive level <ul style="list-style-type: none"> o Appointment and evaluation of the performance of the CEO and senior executive managers o Oversight of strategic human resource management including workforce planning and employee and industrial relations o Oversight of large scale organisation change.) Commercial and Technical Experience <p>A broad range of commercial/business and technical experience.</p>) Metals industry experience <p>A thorough understanding of the metal/copper industry, including metals production, key stakeholders, geology and exploration, marketing and logistics.</p>) Mine development and operation experience <p>A thorough understanding of the issues involved in developing and operating a mine in Australia.</p> <ul style="list-style-type: none"> o Knowledge of relevant mining legislation o Mine planning, design and feasibility o Safety and environmental issues o Native title requirements o Product processing o Infrastructure requirements
<p>2.3 A listed entity should disclose</p> <p>(a) The name 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 but the board is of the opinion that it does not compromise the independence of the director</p>	<p>The Company considers that following director is independent of the Company;</p> <ul style="list-style-type: none">) Mr Chris Bain (Non-executive Director)
<p>2.4 A majority of the board of a listed entity should be independent directors</p>	<p>The Board of KGL Resources Limited currently has three members, only one of whom is independent. Given the size of the board and the functions being managed, the Board considers it appropriate to have 1 independent director.</p>
<p>2.5 The chair of the board of a listed entity should be an independent director and,</p>	<p>Mr Denis Wood is the Chairman of the Board but is now not considered independent. Following the restructuring of the executive team last year, including the CEO position being made redundant, Mr Wood has been undertaking a number</p>

<p>in particular, should not be the same person as the CEO of the entity.</p>	<p>of the executive functions within the company. Mr Wood has not taken any additional remuneration whilst undertaking this work.</p> <p>The Board considers this appropriate given the size of the company and the cost effectiveness of the current arrangement with Mr Wood.</p>
<p>2.6 – A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge need to perform their roles as directors effectively.</p>	<p>New directors undergo an induction process which includes receiving briefing from the Chairman and/or CEO on the company, being provided with copies of all report and announcements relevant to the company’s recent activities and developments and when appropriate, a site familiarisation visit.</p>

Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.

Recommendation	KGL's Compliance Statement
3.1 A listed entity should (a) Have a code of conduct for its directors , senior executives and employees and (b) Disclose that code or a summary of it.	<p>The Company has a Code of Conduct which is given to all directors and employees when joining the Company.</p> <p>This Code of Conduct applies standards for appropriate ethical and professional behaviour for all employees and Directors working for KGL Resources Limited and/or its subsidiary companies. It sets out the fundamental values, which form the basis of, and underpin all of the Company's business relationships.</p> <p>The code specifically addresses the following areas and can be found on the company's website. www.kglresources.com.au</p> <ul style="list-style-type: none">) Compliance with the law) Occupational Health and Safety) Environment) Drug and Alcohol Use) Equal Employment Opportunity) Harassment) Confidentiality) Insider Trading) Personal Information and Privacy) Continuous Disclosure) Use of Company Resources and Fraud Prevention) Information Systems) Financial Inducements) Travel, Entertainment and Gifts<ul style="list-style-type: none">o Expediting or Service Arrangementso Travelo Entertainmento Gifts) Conflicts of Interest) Outside Activities) Political Support) Violations of the Company's Policies and Procedures and Disciplinary Process) Responsibilities of Management of the Company) Professional Behaviour) Whistleblower Policy

Principle 4: safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation	KGL's Compliance Statement
<p>4.1 The board of a listed entity should:</p> <p>(a) Have an audit committee which</p> <ul style="list-style-type: none"> i. Has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors and ii. Is chaired by an independent director who is not the chair of the board And disclose iii. The charter of the committee iv. The relevant qualifications and experience of the members of the committee; and v. In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings or <p>(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,</p> <p>(c) including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company has established an Audit and Risk Committee to assist the Board to safeguard the integrity of financial reporting.</p> <p>The Committee Charter sets out the role of the committee as follows:</p> <ul style="list-style-type: none">) To monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;) To review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;) To consider the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;) To monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and) To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm. <p>The Committee is comprised of three directors, one of whom is independent. The Board considers that the size and composition of the Committee is appropriate given the board composition and the stage in the company's development and that the function of this committee is not compromised but its composition.</p> <p>The committee members are: Mr Chris Bain (Chairman, Independent non-executive director). Mr Ferdian Purnamasidi (Non-executive director) Mr Denis Wood (Director)</p> <p>The committee meets with the external auditor without management present on general matters concerning the audit and the financial management of the company. The Chair of the audit committee reports to the Board on the Committee's discussions, conclusions and recommendations</p> <p>The details of the qualifications and experience of the committee members and the number of meetings attended each year will be detailed in the Company's Annual Report and/or on the company's website.</p>
<p>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</p>	<p>The Company requires the Chief Executive Officer (when in place) and Chief Financial Officer are required to provide the board their written opinion Stating:</p> <ul style="list-style-type: none">) 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 of the entity in accordance with Section 295A of the Corporations Act and) That an opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

<p>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>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit</p>	<p>The external auditors of the company are BDO (Queensland) Pty Ltd. The external auditor attends each Annual General meeting and is available to answer any questions from shareholders relevant to the conduct of the audit and the preparation and content of the audit report.</p>

Principle 5: Make timely and balanced disclosure

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation	KGL’s Compliance Statement
<p>5.1 A listed entity should (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules and (b) Disclose that policy or a summary of it</p>	<p>The Board has a policy to ensure that all employees understand the requirements of continuous disclosure. In accordance with this policy, employees, who become aware of potentially price sensitive information, must immediately report this to the CEO or Company Secretary.</p> <p>The Policy is listed on the Company’s website www.kglresources.com.au .</p>

Principle 6: Respect the rights of security holders

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 values of its securities.

Recommendation	KGL's Compliance Statement
<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company's website contains detailed information about its business and projects. Details of the Board Members and Executive team are also listed. The Investor page provides helpful information to the shareholder. It allows shareholders to view all ASX and Media releases, copies of the annual reports and quarterly activities and cashflow statements. The website also contains the following corporate governance documents.</p> <p>Board Charter ASX Continuous Disclosure Policy Securities Trading Policy Audit & Risk Committee Charter Remuneration and Nomination Committee Charter Sustainability Policy</p>
<p>6.2 A listed entity should design and implement an investor relation program to facilitate effective two way communication with investors</p>	<p>Although the Company has not established a formal shareholder communication policy, it does take the appropriate measures to keep shareholders informed about its activities and to listen to issues or concerns raised by shareholders.</p> <p>Information is communicated to the members through compliance with ASX Listing Rules and the Corporations Act 2001, by way of the Annual Report, Half-Yearly Report, Quarterly Activities Reports, Appendix 5B cashflow reports, the Annual General Meeting and other meetings that may be called to obtain approval for Board recommendations. In addition to this the Company releases regular progress reports and presentation released to ASX to keep members abreast of the company's development. The Company also maintains a website - www.kglresources.com.au - where all of the Company's ASX announcements and media releases can be viewed at any time. .</p>
<p>6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders</p>	<p>Notices of meeting sent to shareholders comply with the "Guideline for notices of meeting" issued by the ASX. In relation to the AGMs, shareholders are encouraged to submit questions before the meeting. The Chairman encourages shareholders at the AGM to ask questions or make comments about the Company's projects and the performance of the Board and senior management. The Chairman may respond directly to the questions or, at his discretion, refer the question to another director or the CEO.</p>
<p>6.4 A listed entity should give the security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Shareholders have the option of electing to receive all shareholder communications by email. The Company provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised when the Annual Report is available on the Company's website.</p> <p>All announcements made to the ASX are available to shareholders by email through a subscription to the Company's website.</p> <p>The KGL Share Register is managed and maintained by Link Market Services limited. Shareholders can access their shareholding details or make enquiries about their current shareholding by quoting their Shareholder Reference Number or Holder Identification number via the Link Market Services Investor Centre</p>

Principle 7: Recognise and manage risk

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

Recommendation	KGL's Compliance Statement
<p>7.1 The board of a listed entity should:</p> <p>(a) Have a committee or committees to oversee risk each of which</p> <p>i. Has at least three members , a majority of whom are independent directors and</p> <p>ii. Is chaired by an independent director</p> <p>And disclose</p> <p>iii. The charter of the committee</p> <p>iv. The members of the committee and</p> <p>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> <p>(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.</p>	<p>The Directors continually monitor areas of significant business risk, recognising that there are inherent risks associated with the exploration for, development and mining of mineral deposits.</p> <p>Specifically, in relation to risk oversight the Board is conscious of its responsibilities to: ensure compliance in legal, statutory and ethical matters; monitor the business environment; identify business opportunities; and monitor the systems established to ensure proper and appropriate responses to member complaints and enquiries. In the context of the Company's exploration and development project, the Board considers these risks at each board meeting.</p> <p>Additionally, the Board has established an Audit & Risk Committee. The details of meetings and attendance of the Audit and Risk can be found in the Company's annual report.</p>
<p>7.2 The board or a committee of the board should;</p> <p>(a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period whether which a review has taken place.</p>	<p>The Board considers risks specific to each stage of development and a comprehensive risk assessment is undertaken at each stage. As the company development is rapidly changing, it is considered more appropriate to assess risk at each stage of development and following each program rather than having a specific framework.</p>
<p>7.3 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</p> <p>(b) If it does not have an internal audit function, that fact and the</p>	<p>The Company does not have an internal audit function and considers this appropriate for the size of the Company and the stage of its development.</p> <p>The Audit & Risk Committee meets twice a year to receive and consider reports on, and monitor and discuss, known and emerging risk and compliance issues, including non-financial operational and other business risks.</p> <p>In support of the functions of the Audit & Risk Committee, the Company's managers are directly responsible for risk management in their respective areas of accountability.</p>

<p>processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the Director's and where appropriate, these risks are managed with the support of relevant external professional advisers.</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social risks and, if it does, how it manages or intends to manage those risks</p>	<p>The following risk are related to the Company specifically</p> <p>Exploration, development, mining and processing risks</p> <p>The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:</p> <ul style="list-style-type: none">(a) successful conclusions to feasibility studies;(b) access to adequate capital for project development;(c) design and construction of efficient mining and processing facilities within capital expenditure budgets;(d) securing and maintaining title to tenements and compliance with the terms of those tenements;(e) obtaining consents and approvals necessary for the conduct of exploration and mining; and(f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants. <p>Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. A range of factors including but not limited to costs, actual mineralisation, consistency and reliability of ore grades and commodity prices can affect successful project development and mining operations.</p> <p>Construction and operational cost risk</p> <p>The capital expenditure required to develop the Jervois Project may differ from the current expectations of KGL. In addition, actual operational costs may differ from current estimates. Increases in capital or operating expenditure will adversely affect the profitability of the Jervois Project.</p> <p>Licences and permits</p> <p>KGL must obtain a number of permits issued by various governmental agencies and regulatory bodies to carry out its planned operations. KGL may be unable to obtain and renew permits and licences necessary for its exploration, development or mining. In particular, licenses and permits are required to develop the Jervois Project in to an operating mine.</p> <p>Resource and production estimates</p> <p>Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should KGL encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the operations of KGL.</p> <p>Future financing</p> <p>There can be no assurance that any future financing required by KGL to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect KGL and result in a default in tenement obligations and forfeiture of permits or licences if not remedied.</p> <p>Key personnel</p> <p>The success of KGL depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate in the metals and mining industry and the ability of KGL to retain its key executives. KGL may be adversely affected if any of the directors or management leaves KGL. KGL might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and KGL may incur additional expenses to recruit, train and retain personnel.</p> <p>Environmental risks</p>

Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, there is a risk of an adverse environmental event occurring which could delay the further development of the Jervois Project and may subject KGL to substantial penalties including fines, damages, clean-up costs or other penalties.

Capital raising risk

If a significant number of eligible shareholders do not participate in the rights issue and the underwriting is terminated, a shortfall may result. Should this occur, KGL will revise the use of funds to match the total amount raised through the rights issue. This may result in some of KGL's projects, including but not limited to the Jervois Project, being delayed, or having the extent of its scope reduced.

Political and regulatory

Mining is an industry which has become subject to increasing legislative regulation, including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of KGL.

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.

Recommendation	KGL's Compliance Statement
<p>8.1 The board of a listed entity should:</p> <p>(a) Have remuneration committee which</p> <ul style="list-style-type: none"> i. Has at least 3 members, a majority of whom are independent directors; and ii. Is chaired by an independent director <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 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.</p>	<p>The Company has established a Remuneration and Nomination Committee to assist the Board on all matters relating to remuneration.</p> <p>The Committee Charter sets out the role of the committee as follows:</p> <ul style="list-style-type: none">) make recommendations to the Board regarding their remuneration framework for directors, including in relation to; <ul style="list-style-type: none"> o the level of fees payable to each non-executive director within the maximum aggregate level of remuneration approved by the Company's shareholders; o any changes to the maximum aggregate level of remuneration approved by the Company's shareholders; o the manner in which fees may be taken; and o any other applicable arrangements, including for example, payments of fees for special exertions, director expense claims and ad hoc Committee fees.) review the competitiveness of the Company's executive compensation programs to ensure: <ul style="list-style-type: none"> o the attraction and retention of corporate officers; o the motivation of corporate officers to achieve the Company's business objectives; and o the alignment of the interests of key leadership with the long-term interests of the Company's shareholders; o review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans; o review the performance of executive management;) review and approve Executive Directors goals and objectives, evaluate Executive Directors performance in light of these corporate objectives, and set Executive Directors compensation levels consistent with Company philosophy;) recommend appropriate salary, bonus and other compensation to the Board for approval;) review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management;) review and approve the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the committee under those plans, including making and authorising grants, in accordance with the terms of those plans; <p>The Committee is comprised of three directors including one independent director.</p> <p>The committee members are: Mr Ferdian Purnamasidi (Chairman and Non-executive director). Mr Denis Wood (Director) Mr Chris Bain (Independent non-executive director)</p>

	<p>The details of the qualifications and experience of the committee members and the number of meetings attended each year will be detailed in the Company's Annual Report and/or the company website.</p>
<p>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.</p>	<p>In December 2015, the board took measures to reduce the administrative costs of the company in response to low commodity prices and market conditions. The measures included reducing the size of the board and reducing the board fees by 30%. Senior executive remuneration are designed to ensure that the level and composition of the package is reasonable and appropriate for the demands of the role whilst being cognisant of commodity and market conditions. Full details of payments to executives can be found in the Remuneration Report as part of the Director Report section of the Annual Report.</p>
<p>8.3 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>The Company has a Securities Trading Policy. This policy strictly prohibits Directors and Employees from entering into any transaction that is designed to limit the economic risk of a holding in unvested KGL Resources Limited securities</p> <p>A full copy of the policy can be found on the Company's website www.kglresources.com.au</p>