



# ALLIGATOR ENERGY LTD

ACN 140 575 604

Ph (07) 3852 4712

Fax (07) 3852 5684

PO Box 338, Spring Hill, Qld 4004

Suite 3, 36 Agnes Street, Fortitude Valley QLD 4006

## CORPORATE GOVERNANCE STATEMENT

**Dated: 30 June 2019**

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council (3<sup>rd</sup> Edition) have been applied covering the financial year to 30 June 2019.

The Board has responsibility for corporate governance for the Alligator Energy Limited (the Company) and its subsidiaries (the Group) and has implemented policies, procedures and systems of control with the objective of ensuring an appropriate framework for governance outcomes that meet the expectations of stakeholders.

This Statement sets out corporate governance practices adopted by the Board which were in place during the financial year ended 30 June 2019 unless otherwise noted. Where the Board considers that adoption of a recommendation is not applicable due to the size or complexity of the Group's operations, this is separately detailed.

Further information relating to the Group's corporate governance practices and policies is publicly available on the Group's website at [www.alligatorenergy.com.au](http://www.alligatorenergy.com.au)

The table below summarises the status of the Group's compliance with each of the recommendations contained in the ASX Principles and Recommendations at the date of this statement and discloses reasons for non-compliance where necessary.

| ASX Corporate Governance Principle and Recommendations                  |                                                                                                                                                                                                                    | Status                                                                                                                                                                  |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Principle 1 – Lay solid foundations for management and oversight</b> |                                                                                                                                                                                                                    |                                                                                                                                                                         |
| 1.1                                                                     | Companies should establish and disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the Board and those delegated to Management.                 | <i>Compliant</i> - see Corporate Governance Charter.                                                                                                                    |
| 1.2                                                                     | A listed entity should: <ul style="list-style-type: none"><li>Undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and</li></ul> | <i>Compliant</i> - appropriate checks are conducted prior to appointing a new director. Shareholders are provided with all relevant information available to the Board, |

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | <ul style="list-style-type: none"> <li>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.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | relevant to a decision on whether or not to elect or re-elect a Director.                                                                                                                                                                                                                                                                                                                                                               |
| 1.3                                                   | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <i>Compliant</i> - written agreements are in place setting out the terms of appointment.                                                                                                                                                                                                                                                                                                                                                |
| 1.4                                                   | The Company Secretary of a listed entity should be accountable directly to the board, through the chair on all matters to do with the proper functioning of the board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <i>Compliant</i> - the Company Secretary is accountable to the Board, through the Chair, on all matters to do with proper functioning of the Board.                                                                                                                                                                                                                                                                                     |
| 1.5                                                   | <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>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;</li> <li>Disclose the policy or a summary of it; and</li> <li>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, and the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation.</li> </ul> | <i>Non- Compliant</i> - the Group has a Diversity Policy which documents the principles and commitment in relation to maintaining a diverse group of employees. The Group has not however set measurable objectives for achieving gender diversity due to the size of the Group and its current level of activity. The Group intends to establish quantifiable measures at the time that operations grow beyond greenfield exploration. |
| 1.6                                                   | <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>                                                                                                                                                                                                                                                                                                                     | <i>Non-Compliant</i> - the Group has a process for evaluating performance of the Board from time to time but this has not occurred during FY19. In addition, the Board is yet to implement a process of evaluating the performance of individual directors due to the current size and scale of operations. Further detail is provided in this Corporate Governance Statement.                                                          |
| 1.7                                                   | <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>Have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>                                                                                                                                                                                                                                                                                                                                                  | <i>Compliant</i> - a performance evaluation for senior executives took place during the year in accordance with the Group's annual performance assessment process.                                                                                                                                                                                                                                                                      |
| <b>Principle 2 - Structure the board to add value</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2.1                                                   | <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>A nomination committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                            | <i>Compliant</i> - the full Board currently carries out the function of a Nomination Committee due to the size of the Group and its current level                                                                                                                                                                                                                                                                                       |

|                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                    | <p>committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attending</p> <ul style="list-style-type: none"> <li>• If it does not have a nomination committee disclose the 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.</li> </ul>                  | <p>of activity. The Board, in conjunction with the annual review of the strategy considers the size, composition, skills, competencies and diversity required in order to effectively discharge its duties and responsibilities.</p>                                                                       |
| 2.2                                                | <p>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><i>Compliant</i>- the Board has reviewed its composition and assessed a matrix of skills in light of its current operations and requirements. See Appendix 1 for summary.</p>                                                                                                                           |
| 2.3                                                | <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• The names of the directors considered by the Board to be independent directors;</li> <li>• If a director has an interest, position, association or relationship of the type described in Box 2.3 (ASX independent guidelines) but the Board is of the opinion that it does not compromise the independence of the director, the nature of the relationship and an explanation of why the Board is of that opinion; and</li> <li>• The length of service of each director.</li> </ul> | <p><i>Compliant</i>- further detail provided in this Corporate Governance Statement.</p>                                                                                                                                                                                                                   |
| 2.4                                                | <p>A majority of the board of a listed entity should be independent directors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p><i>Non-Compliant</i>- at the date of this report the Board comprised of four directors, two of whom are regarded as independent.</p>                                                                                                                                                                    |
| 2.5                                                | <p>The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>                                                                                                                                                                                                                                                                                                                                                                                                        | <p><i>Compliant</i>- the Chair is an independent non-executive director</p>                                                                                                                                                                                                                                |
| 2.6                                                | <p>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 roles as directors effectively.</p>                                                                                                                                                                                                                                                                                                        | <p><i>Compliant</i>- the Group has an established program for inducting a new director. This covers all aspects of the Group's activities and policies. The Group encourages directors to actively participate in continuing professional development relevant to their qualifications and experience.</p> |
| <b>Principle 3 – Act ethically and responsibly</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                            |
| 3.1                                                | <p>A Listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a Code of Conduct for its directors, senior executive and employees, and</li> <li>• Disclose the Code or summary of it.</li> </ul>                                                                                                                                                                                                                                                                                                                                                       | <p><i>Compliant</i>- the Group has a Code of Conduct which is included on the Group's website.</p>                                                                                                                                                                                                         |

| <b>Principle 4 - Safeguard integrity in corporate reporting</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1                                                             | <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>Have an audit committee which has at least 3 members (all of whom are non-executive directors and a majority independent), be chaired by an independent director who is not Chair of the Board, disclose the committee charter, the relevant qualifications and experience of the members of the committee, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>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.</li> </ul> | <p><i>Non- Compliant-</i> the Group has an Audit &amp; Risk Management Committee which is chaired by an independent director but only comprises of the two independent directors of the Company.</p> <p>The Charter of the Committee is included in the Corporate Governance Charter included on the Group's website.</p> <p>The qualifications of Committee members and the number of meetings held during the year are disclosed in the Annual Report.</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 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.                                                                                                                                                                                                                                                                                                 | <i>Compliant-</i> The Board receives Section 295A Declarations from the CEO and Company Secretary (most senior financial person) before approving the financial statements for the Half-Year and the Full-Year.                                                                                                                                                                                                                                              |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <i>Compliant-</i> the auditor is advised of the date, time and venue for the AGM.                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Principle 5 - Make timely and balanced disclosure</b>        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 5.1                                                             | <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>Have a written policy for complying with its continuous disclosure obligations and the listing rules, and</li> <li>Disclose the policy or a summary of it.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <i>Compliant-</i> the policy is included on the Group's website                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Principle 6 - Respect the rights of security holders</b>     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 6.1                                                             | A listed entity should provide information about itself and its governance to investors via its website.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <i>Compliant-</i> the Group has a website ( <a href="http://www.alligatorenergy.com.au">www.alligatorenergy.com.au</a> ) where investors are able to locate information about the Group, its Directors, Senior Executives and the Group's governance framework.                                                                                                                                                                                              |
| 6.2                                                             | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <i>Compliant-</i> see the Shareholder Communications Policy on the website.                                                                                                                                                                                                                                                                                                                                                                                  |

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <i>Compliant</i> - see the Shareholder Communications Policy on the website.                                                                                                                                                                                                                                                                                                                                                                              |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <i>Compliant</i> - the Group encourages the use of electronic means of communication through registering with the share registry (Security Transfer Australia).                                                                                                                                                                                                                                                                                           |
| <b>Principle 7- Recognise and manage risk</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 7.1                                           | <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>Have a committee, or committees to oversee risk, each of which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance.</li> <li>If it does not have a risk committee, or committees that satisfy the above requirements, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul> | <p><i>Non- Compliant</i>- the Group has an Audit &amp; Risk Management Committee which is chaired by an independent director but only comprises of the two independent directors of the Company. The Charter of the Committee is included in the Corporate Governance Charter.</p> <p>The Charter together with the Risk Management Policy is included on the website.</p>                                                                                |
| 7.2                                           | <p>The Board, or committee, of the Board should:</p> <ul style="list-style-type: none"> <li>Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and</li> <li>Disclose in relation to each reporting period whether such a review has taken place.</li> </ul>                                                                                                                                                                                                                                                                                                                                                  | <p><i>Compliant</i>- the Audit &amp; Risk Management Committee together with the Board receive reports on the status and management of the strategic and operational risks in order to confirm that the framework for risk management remains sound. The Audit &amp; Risk Committee considers the appropriateness of the framework at the time of approving the Annual Financial Statements. See this Corporate Governance Statement for more detail.</p> |
| 7.3                                           | <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>If it has an internal audit function, how the function is structured and what role it performs, or</li> <li>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.</li> </ul>                                                                                                                                                                                                                                                             | <p><i>Compliant</i>- the Group does not have an internal audit function. Further details on how risk management and internal controls are evaluated are set out in this Corporate Governance Statement.</p>                                                                                                                                                                                                                                               |
| 7.4                                           | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <i>Compliant</i> - see further detail in this Corporate Governance Statement.                                                                                                                                                                                                                                                                                                                                                                             |

|                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                | manages or intends to manage those risks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                  |
| <b>Principle 8- Remunerate fairly and responsibly</b><br>Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                  |
| 8.1                                                                                                                                                                                                            | The Board of a listed company should: <ul style="list-style-type: none"> <li>Have a remuneration committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance.</li> <li>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.</li> </ul> | <i>Compliant-</i> the full board performs the role of the Remuneration Committee and the Charter is set out in the Corporate Governance Charter set out on the Group's website. Details of the number of board meetings held during the year are disclosed in the Annual Report. |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <i>Compliant-</i> the Group discloses its policy on remuneration in the Remuneration Policy on the website and the Remuneration Report contained within the Group's Annual Report.                                                                                               |
| 8.3                                                                                                                                                                                                            | A listed entity which has an equity based remuneration scheme should: <ul style="list-style-type: none"> <li>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 and participation in the scheme, and</li> <li>Disclose that policy or a summary of it.</li> </ul>                                                                                                                                                                                                                                                                                                                      | <i>Compliant-</i> the Group has a Trading Policy which prohibits the use of derivatives. The Policy is included on the Group's website.                                                                                                                                          |

## **The Corporate Governance Principles and Recommendations**

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

#### **Roles and responsibilities of the Board and Management**

The Group has established a Corporate Governance Charter which details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel.

The Corporate Governance Charter sets out the functions of the Board which include:

- ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- developing, implementing and monitoring operational and financial targets

- for the Group;
- appointment of appropriate staff, consultants and experts to assist in the Group's operations, including the selection and monitoring of a chief executive officer;
- ensuring appropriate financial and risk management controls are implemented;
- approving and monitoring financial and other reporting;
- setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
- establishing and maintaining communications and relations between the Group and third parties, including its shareholders and ASX;
- implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
- oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- appointing and removing the chief executive officer;
- ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and the Company Secretary;
- input into and final approval of the management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approval of the annual budget;
- monitoring the financial performance of the Group;
- liaising with the Group's external auditors;
- monitoring, and ensuring compliance with, all of the Group's legal obligations;
- approving and monitoring financial and other reporting; and
- appointing and overseeing Committees where appropriate to assist in the above functions and powers.

The day to day management of the Group's affairs and the implementation of the corporate strategy have been formally delegated by the Board to the Chief Executive Officer.

A copy of the Corporate Governance Charter can be located on the Group's website.

### **Director Checks**

The Group performs checks on all new appointments to the Board which include checks on a person's character, experience, education, criminal record and bankruptcy history.

New directors are required to provide consent for the conduct of background checks and also confirm their availability to spend time on Group related matters.

Directors appointed to a casual vacancy must stand for re-election at the next AGM. At that time, the Notice of Meeting provides shareholders with information about the director including details of relevant skills, experience and any other relevant information available to the board at that time. A similar approach together with disclosure of length of service is adopted for directors standing for re-election under the Group's rotation policy.

### **Written Agreements with Directors**

The Group has a written agreement with all non-executive directors which sets out the terms and conditions associated with their office.

The Group has entered into a separate Service Agreement with the CEO & Executive Director. The details of this arrangement are set out in the Directors' Report - Remuneration Report section.

### **Company Secretary**

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

The details and qualifications of the Company Secretary are set out in the Directors' Report which is part of the Annual Report.

### **Diversity**

The Group has a Diversity Policy which documents the principles and commitment in relation to maintaining a diverse employee base within the Group. This policy can be found on the Group's website.

The Group values diversity and recognises the benefits that it brings to the Group and our employees. The Group is committed to employing from a diverse range of ethnic and cultural background and in particular to involve the Traditional Owners (TOs) in our field based activities.

The Group has not however set measurable objectives for achieving gender diversity due to the size and current level of activities. The Board does however continue to monitor diversity across the operations and will decide at some point in the future when it is appropriate to set such objectives. The total proportion of men and women across the organisation is listed in the table below:

| Category                                | Male     | Female   |
|-----------------------------------------|----------|----------|
| Board (1 executive and 3 non-executive) | 4        | 0        |
| Senior Management                       | 2        | 0        |
| Staff                                   | 1        | 1        |
| <b>Total Organisation</b>               | <b>7</b> | <b>1</b> |

### **Assessment of Board Performance**

The Group has a policy of reviewing the performance of its Board on a regular basis and plans in the future to consider the performance of the individual directors. The process is managed by the Chairman based on the feedback provided through a structured questionnaire. The results of the feedback provided by each Board Member and the Company Secretary are then summarised and tabled for discussion.

A review was not conducted in the past twelve months but plans are to schedule a review process in the coming financial year.

### **Assessment of Management Performance**

The Board conducted a performance assessment of the CEO, Staff and Management and the results were tabled at the February 2019 Board Meeting.

Each member of Staff and Management has 4 or 5 key performance indicators (KPIs) associated with their role and responsibility. Performance against these KPIs is reported to and confirmed by the Board.

## **Principle 2 - Structure the board to add value**

### **Nomination Committee**

The Board has not established a Nomination Committee. The roles and responsibilities of a Nomination Committee are set out in the Group's Corporate Governance Charter and these are currently overseen by the full Board.

The Board continues to monitor its composition and the roles and responsibilities of its members and considers board renewal and succession during the board performance review process.

The Board shall, upon the Group reaching the requisite corporate and commercial maturity, approve the constitution of a Nomination Committee to assist the Board in relation to the appointment of directors and senior management.

The Company's Constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.

### **Skills Matrix**

The Board has the objective of maintaining a mix of skills and expertise which is commensurate with the size and current activities of the Group.

A Board Skills Matrix has been prepared based on individual self-assessment by directors and has been reviewed by the Board. The skills matrix considers the level of experience and expertise of the Board across the areas of industry, technical, corporate (including other board roles, finance, governance and risk) leadership and strategy. Each of these areas is appropriately represented for the Group's current operations. Diversity at present is only considered based on board tenure, tertiary qualifications and geographic exposure.

### **Independence**

Applying the ASX Guidelines on independence as set out in Box 2.3, it is considered that there are two Independent Directors of the four member Board, being Andrew Vigar, Paul Dickson at the reporting date of 30 June 2019.

A brief summary of the skills, experience and expertise of each director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report. Paul Dickson and Andrew Vigar have both been directors of the Company from the time of listing on the ASX in 2011. Peter McIntyre was appointed at the time that Macallum Group Limited became a substantial shareholder of the Group on 30 October 2013 and Gregory Hall was appointed on 24 July 2015.

The size of the Board is considered appropriate for current scale of operations and will be reviewed for the inclusion of an additional independent director once circumstances change.

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the Group.

The Board is conscious of the need to transparently manage independence and in this regard a Conflicts Register is maintained. This register is tabled for confirmation of accuracy at the commencement of each board meeting. Where a conflict of interest arises during a board meeting, the relevant director(s) leave the meeting to ensure full and frank discussion on the matter at hand.

### **Independence of the Chairman**

The Group's Chairman since November 2018, Paul Dickson, meets the ASX Corporate Governance independence assessment criteria.

### **Director Induction**

The Group has a program for inducting new directors. The induction program covers all aspects of the Group's activities.

In order to develop and maintain the skills and knowledge required to perform their role, all Directors are encouraged to undertake continuing professional development in their fields of expertise. Directors will be granted reasonable access to resources and training in order to address any identified skills gap, based on developments in the industry and environment in which the Group operates.

## **Principle 3 -Act ethically and responsibly**

### **Code of Conduct**

The Board acknowledges and emphasises to all directors and employees the importance of maintaining the highest standards of corporate governance practice and ethical conduct.

A Code of Conduct has been adopted requiring directors, employees and contractors to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law; and
- encourage reporting and investigating of unlawful and unethical behaviour.

In summary, the Code requires that all personnel act with integrity, objectivity and in compliance with legislation and Group policy.

### **Trading Policy**

The Company's Constitution permits directors to acquire securities in the Company, however prohibits directors, senior management and employees from dealing in the Company's securities at any time whilst in possession of price sensitive information and for 24 hours after:

- Any major announcements; and
- The release of the Group's quarterly, half yearly and annual financial results to the Australian Securities Exchange.

Directors must advise the Chairman before buying or selling securities in the Company and the Chairman must inform an Independent Director and the Company Secretary. In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Securities Exchange, the Group advises the Exchange of any transaction conducted by directors in securities in the Company.

The Code of Conduct and Trading Policy are included on the Group's website.

## **Principle 4 - Safeguard integrity in corporate reporting**

### **Audit Committee**

The Group has established an Audit and Risk Management Committee.

The Audit and Risk Management Committee is currently comprised of Paul Dickson and Andrew Vigar (chair). The Committee consists of a majority of independent non-executive directors but only comprises two members. The size of the Board (and hence the ability to appoint three suitably qualified non-executive directors to the Committee) is considered appropriate for current scale of operations and will be reviewed for the inclusion of an additional independent director once circumstances change.

The qualifications and experience of those appointed to the Audit and Risk Management Committee are included in the Annual Report- Directors' Report section.

The Audit and Risk Management Committee Charter is set out as a sub-section of the Corporate Governance Charter which can be found on the Group's website. Responsibilities of the Audit and Risk Committee include appointment, compensation and oversight of the independent auditor, review of the half year and full year financial statements and review of the effectiveness of the risk management framework.

The number of meetings of the Audit and Risk Committee and attendance at those meetings is shown in the Annual Report- Directors' Report section.

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

Prior to approving the half-year and full-year financial statements the Audit and Risk Management Committee, on behalf of the Board, receives a section 295A (Corporations Act) declaration from the CEO and the Company Secretary. The Company Secretary is the most senior financial officer within the Group.

#### **Auditor attendance at the AGM**

The auditor is required to attend the Annual General Meeting of Shareholders. The Chairman permits Shareholders to ask questions of the Auditor which concern the conduct of the audit and preparation of the Audit Report.

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

#### **Continuous disclosure**

The Group has a written policy and procedure designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure delegated accountability for compliance at a senior executive level. The policy is included on the Group website.

The Board has nominated the CEO and Company Secretary as the persons responsible for communications with the Australian Stock Exchange (ASX). The role includes responsibility for ensuring that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules.

All information released to the ASX is available on the Group's website.

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

#### **Information concerning the Company and its governance**

The Group has a Shareholder Communication policy and it is available on the Group's website at [www.alligatorenergy.com.au](http://www.alligatorenergy.com.au).

The Group website enables security holders to access information about the Group, Directors and the Group's governance framework.

### **Investor relations**

The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Group and its Directors and to make well-informed investment decisions.

The Group does not have a formally appointed investor relations manager due to the current size and scale of operations. This function is currently overseen by the full Board as a standard agenda item and through the appointment of a media relations advisor.

Information is communicated to security holders through:

- annual, half-yearly and quarterly activity reports;
- annual and other general meetings convened for shareholder approval of Board proposals;
- continuous disclosure of material matters released to the ASX for open access;
- investor roadshows (when appropriate) in capital cities where the Group's shareholders are well represented; and
- a website where all ASX announcements, notices and financial reports are published as soon as practical after release.

Security holders and other financial market participants are also able to contact the Group directly to discuss matters of concern or information that is in the public domain.

### **Participation at meetings of Security holders**

Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Alligator Energy Limited. An opportunity is provided for Shareholders to raise questions on the matters of business for response by the Board.

### **Electronic communications**

Shareholders with access to the internet are encouraged to register with the Group's share registry ([registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)) in order to receive electronic notifications when market sensitive information is released on the ASX platform. Shareholders are also encouraged to register with the share registry (Security Transfer Australia) to receive shareholder related information electronically, including Annual Reports and Notice of Meetings.

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

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Board has identified the significant areas of potential strategic and operational risk to the Group.

### **Risk Committee**

The Board has established an Audit and Risk Management Committee. The Charter for this committee is included in the Corporate Governance Charter on the Group's website. The composition of the Committee has previously been outlined under Principle 4 above along with the independence and current size. The number of meetings held during the reporting period and attendance at these meetings is set out in the Directors' Report within the Annual Report.

The Audit and Risk Management Committee is responsible for ensuring that adequate policies and procedures are in place in relation to effective risk management, compliance and internal controls. The Committee recommends any actions it deems appropriate to the Board for consideration.

The Group's Risk Management Policy is on the Group's website.

### **Risk Management oversight**

The Board is responsible for satisfying itself annually, or more frequently if required, that the Group's risk management framework continues to be sound. This review is conducted through consideration of the strategic risk register at board meetings, operational risk updates from the Exploration Manager and review of the effectiveness of the risk management framework by the Audit and Risk Management Committee on an annual basis.

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control systems. In this regard the identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the CEO in conjunction with the Exploration Manager and Company Secretary.

The Group does not believe it is of a size that warrants an internal audit function. However the Board and management maintain the required level of assurance through the implementation of a 'fit for purpose' system of internal controls which is monitored by the Audit and Risk Management Committee including the requirement to complete an annual internal controls questionnaire on the financial reporting systems.

### **Exposure to material economic, environmental and social responsibility risk**

The Group is focused on the discovery and exploitation of uranium and other energy minerals and currently operates in Arnhem Land and northern Italy. As a result there is a potential for material exposure to sovereign, economic, environmental and sustainability risks.

The Group is acutely aware of the potential business risks associated with mineral exploration and is committed to ensuring that sound health and safety, environmental and community relations practices are in place during the conduct of its exploration activities. The Group has allocated responsibility for establishing and maintaining a culture of good practice through Occupational Health and Safety, Environmental and Community Relations plans. The management plans in relation to these risks in Arnhem Land are the subject of an annual review by the Department of Primary Industries and Resources (NT).

### **Economic**

The Group is exposed to the global commodity price sentiment for uranium as well as community sentiment towards nuclear power. In this regard the Group monitors the market fundamentals, the debate on the use of nuclear power and the ongoing commitment to reducing carbon emissions. The Group is of a belief that nuclear power will play an important part in a lower carbon emission environment. The Group also has commodity price exposure to nickel and cobalt through the move away from the combustion engine with the rapid technological development of electric vehicles

Key economic risk exposures managed under the Risk Management Policy relate to funding, foreign exchange and dependency on a small team of key personnel.

### **Sovereign**

Changes in government regulations and policies in Australia may adversely affect the financial performance or the current and proposed operations.

The Company's Co-Ni project at Piedmont is located in Italy. Possible sovereign risks associated with operating in Italy include, without limitation, changes in the terms of relevant (including mining) legislation or government policy, changes to royalty arrangements, changes to taxation rates and concessions, community concerns with mining and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

Recent legislative changes in Italy require all drilling permit applications to be assessed by a centralised National authority. Alligator expects to be one of the first explorers to apply for a drilling permit under the new process (has commenced the process) and there is uncertainty as to whether this will impact the timeline for securing the necessary approvals.

No assurance can be given regarding future stability in Italy or any other country in which the Company may, in the future, have an interest.

### **Environmental**

As a mineral explorer the Group is committed to undertaking its ongoing program of geophysical surveys and geochemical sampling (together with drilling at the appropriate time) in a responsible manner and in accordance with the regulations specified by the Department of Primary Industries and Resources (NT) and Environmental Management (Italy). Disturbances arising during a field season are rehabilitated immediately unless further work is planned in the ensuing years.

### **Social Responsibility (sustainability)**

The Group operates in Arnhem Land with the consent of the Traditional Owners. On an annual basis a work program meeting is held to discuss and agree planned activities. Cultural Heritage clearances are undertaken in collaboration with the Traditional Owners.

The Group is committed to involving the Traditional Owners in opportunities to be employed during the field season and also provides access to training which is beneficial to the individual's employment opportunities and the Group.

Drilling permit applications in Italy include consideration of the impact on communities including noise and water usage.

The Group is exposed to Occupational, Health and Safety risks associated with its exploration activities, often in rugged terrain. Site inductions, management plans and tool box sessions are in place to minimise the risk of harm to employees or contractors. In addition a Radiation Management Plan has also been put in place.

The key social responsibility risk managed under the Risk Management Policy is the 'social licence to operate' from the surrounding Community, the Group's employees and other stakeholders. In addition the Group has identified the reputational risk of operating as a responsible corporate citizen.

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

### **Remuneration Committee**

The Board has not established a Remuneration Committee. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing such a committee. The role of a remuneration committee is carried out by the full Board. The Group has adopted a Remuneration Committee Charter, which is set out in the Group's Corporate Governance Charter.

### **Disclosure of remuneration policies and practices**

The Group recognises the need to pay director remuneration that is sufficient to attract and retain high quality directors and to design executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for shareholders. In this regard a Remuneration Policy has been approved and can be found on the Group's website.

The Chairman and the Non-Executive Directors are entitled to draw directors' fees and receive reimbursement of reasonable expenses for attendance at meetings. The Board has adopted, and Shareholders have approved, a Director Fee Plan that enables directors (on a quarterly basis) to accept shares in lieu of cash payments of director remuneration.

Senior executives of the Group sign formal employment or contractor agreements at the time of their appointment covering matters including duties, responsibilities and entitlements. Key Performance Indicators associated with the role are identified and performance incentives are aligned with the short-term and long-term objectives of the Group. The performance of senior executives was assessed on an annual basis by the Board.

The Group discloses in its Annual Report (Remuneration Report section) details of remuneration of Key Management Personnel which includes directors and senior executives.

- ENDS -

## APPENDIX 1 – BOARD SKILLS MATRIX

| Skills and Experience (Out of 4 Directors) |   |
|--------------------------------------------|---|
| <b>Leadership and Governance</b>           |   |
| Corporate Leadership                       | 3 |
| Corporate Governance                       | 4 |
| Strategy                                   | 4 |
| <b>Operations</b>                          |   |
| Geological                                 | 1 |
| Feasibility and Development                | 3 |
| Health and Safety                          | 1 |
| <b>Sector Experience</b>                   |   |
| Exploration                                | 2 |
| Uranium                                    | 3 |
| <b>Finance and Risk</b>                    |   |
| Accounting & Finance                       | 2 |
| Mergers & Acquisitions                     | 3 |
| Risk Management                            | 2 |
| <b>People</b>                              |   |
| Community Relations                        | 1 |
| Investor Relations                         | 3 |
| <b>Tertiary Qualifications</b>             |   |
| Geology/Engineering                        | 3 |
| Accounting/Economics                       | 1 |
| Other                                      | - |
| <b>Tenure</b>                              |   |
| 0-3 years                                  | 0 |
| 3-6 years                                  | 2 |
| 6-9 years                                  | 2 |
| 9+ years                                   | - |

Skills were self-assessed by each Director based on a scale of Low to Expert. The table above has been completed on the basis of each individual attribute with a rating of High or Expert.