

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Armour Energy Limited

ABN / ARBN:

60 141 198 414

Financial year ended:

30 June 2020

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

✓ This URL on our website: <https://www.armourenergy.com.au/corporategovernance/>

The Corporate Governance Statement is accurate and up to date as at 30 September 2020 and has been approved by the board.

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

Date: 30 September 2020

Name of Secretary authorising lodgement:



Karl Schlobohm

<sup>1</sup> 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.

<sup>2</sup> "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.

<sup>3</sup> 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 ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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: ✓ in our Corporate Governance Statement (1.1)  ... 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): ✓ in our Board Charter at <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: ✓ in our Corporate Governance Statement (1.2) ✓ in our Notice of AGM at <a href="https://www.armourenergy.com.au/general-meetings/">https://www.armourenergy.com.au/general-meetings/</a> (available from 2012 AGM)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: ✓ in our Corporate Governance Statement (1.3) ✓ within the Remuneration Report contained in the 2020 Annual Report <a href="https://www.armourenergy.com.au/annual-halfyear-reports/">https://www.armourenergy.com.au/annual-halfyear-reports/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: ✓ in our Corporate Governance Statement (1.4) ✓ within Directors' Report contained in the 2020 Annual Report <a href="https://www.armourenergy.com.au/annual-halfyear-reports/">https://www.armourenergy.com.au/annual-halfyear-reports</a> ✓ in our Constitution at <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> 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 ... <sup>4</sup>
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>✓ in our Corporate Governance Statement (1.5)</p> <p>✓ a copy of Diversity Policy or a summary of it is available at <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a></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>... and the information referred to in paragraphs (c)(1) or (2):</p> <p>✓ in Diversity Policy at: <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement in (1.5)</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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p>✓ an explanation why that is so in our Corporate Governance Statement (1.6)</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>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement (1.7)</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 ... <sup>4</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p>✓ an explanation why that is so in our Corporate Governance Statement (2.1)</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 checked="" type="checkbox"/> in our Corporate Governance Statement (2.2)</p> <p><input checked="" type="checkbox"/> within Directors' Report contained in the 2020 Annual Report <a href="https://www.armourenergy.com.au/annual-halfyear-reports">https://www.armourenergy.com.au/annual-halfyear-reports</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (2.3)</p> <p><input checked="" type="checkbox"/> on our website at <a href="https://www.armourenergy.com.au/directorsandmanagement/">https://www.armourenergy.com.au/directorsandmanagement/</a></p> <p><input checked="" type="checkbox"/> A copy of Assessing the Independence of Directors Policy at <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a></p> <p>... and, where applicable, the information referred to in paragraph (b):</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 ... <sup>4</sup>
		<input checked="" type="checkbox"/> in our Corporate Governance Statement (2.3) <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> within Directors' Report contained in the 2020 Annual Report <a href="https://www.armourenergy.com.au/annual-halfyear-reports">https://www.armourenergy.com.au/annual-halfyear-reports</a>	
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 (2.3) <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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 <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement (2.5)
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 (2.6)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement (2.6)
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
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 (3.1) <input checked="" type="checkbox"/> a copy of Code of Conduct at <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a>	<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 ... <sup>4</sup>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
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>✓ in our Corporate Governance Statement (4.1)</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the Audit &amp; Risk Management Charter of the Committee:</p> <p>✓ at <a href="https://www.armouenergy.com.au/corporategovernance/">https://www.armouenergy.com.au/corporategovernance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ within Directors' Report contained in the 2020 Annual Report</p> <p><a href="https://www.armouenergy.com.au/annual-halfyear-reports">https://www.armouenergy.com.au/annual-halfyear-reports</a></p> <p>✓ and in Directors Profile at <a href="http://www.armouenergy.com.au/about-us/directors">http://www.armouenergy.com.au/about-us/directors</a></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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p>✓ an explanation why the majority of Directors are not Independent in our Corporate Governance Statement (2.3 &amp; 2.4 &amp; 4.1&amp; 7.1).</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>✓ in our Corporate Governance Statement (4.2)</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.3	<p>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 fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement (4.3)</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting 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 ... <sup>4</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
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.	... our continuous disclosure compliance policy or a summary of it: ✓ in our Corporate Governance Statement (5.1) ✓ a copy of Continuous Disclosure Policy at <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<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.	... information about us and our governance on our website: ✓ at <a href="http://www.armourenergy.com.au/">http://www.armourenergy.com.au/</a>	<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.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement (6.2)	<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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ✓ in our Corporate Governance Statement (6.3)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement (6.4)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ✓ in our Corporate Governance Statement (7.1) ... and a copy of the charter of the committee: ✓ at <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a> ... and the information referred to in paragraphs (4) and (5): ✓ in our Corporate Governance Statement (4.1) ✓ within Directors' Report contained in the 2020 Annual Report <a href="https://www.armourenergy.com.au/annual-halfyear-reports">https://www.armourenergy.com.au/annual-halfyear-reports</a>	✓ an explanation why the majority of Directors are not Independent in our Corporate Governance Statement (2.3 & 2.4 & 4.1 & 7.1).

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 ... <sup>4</sup>
	(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>[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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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>✓ in our Corporate Governance Statement (7.2)</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p>✓ in our Corporate Governance Statement (7.2)</p> <p>✓ refer to the Director attendance of the meeting contained in the 2020 Annual Report</p> <p><a href="https://www.armourenergy.com.au/annual-halfyear-reports">https://www.armourenergy.com.au/annual-halfyear-reports</a></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 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>✓ in our Corporate Governance Statement (7.3)</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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 manages or intends to manage those risks.	<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>✓ in our Corporate Governance Statement (7.4)</p> <p>✓ within Directors' Report contained in the 2020 Annual Report</p> <p><a href="https://www.armourenergy.com.au/annual-halfyear-reports">https://www.armourenergy.com.au/annual-halfyear-reports</a></p>	<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 ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
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>✓ in our Corporate Governance Statement (8.1)</p> <p>✓ ... and a copy of the charter of the committee:  <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a>  ... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement (8.1)</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p>✓ an explanation why the majority of Directors are not Independent in our Corporate Governance Statement (2.3 &amp; 2.4 &amp; 4.1 &amp; 7.1).</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>... 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>✓ in our Corporate Governance Statement (8.2)</p> <p>✓ Refer to Remuneration Report contained in the 2020 Annual Report  <a href="https://www.armourenergy.com.au/annual-halfyear-reports">https://www.armourenergy.com.au/annual-halfyear-reports</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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>✓ in our Corporate Governance Statement (8.3)</p> <p>✓ a copy of Share Trading Policy at  <a href="https://www.armourenergy.com.au/corporategovernance/">https://www.armourenergy.com.au/corporategovernance/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></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 ... <sup>4</sup>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



# 2020 Corporate Governance Statement

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**The Board of Directors** of Armour Energy Limited (the **Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders, by whom they are elected, and to whom they are accountable.

The Company's Corporate Governance Statement has been adopted and structured with reference to the third edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (the **ASX Recommendations**). The Company notes that the ASX Corporate Governance Council has released the fourth edition of the ASX Recommendations, which the Company will apply and report against during the financial year ending 30 June 2021.

The Company's practices are largely consistent with the ASX Recommendations, and the Board has made appropriate statements reporting on the adoption of the recommendations. Where the Company's corporate governance practices do not correlate with the practices recommended by ASX's Corporate Governance Council, the Company is working towards compliance; however it does not consider that all practices are currently appropriate for the Company due to the size and scale of its operations. The Board has offered full disclosure and reasons for the adoption of Company practices, in compliance with the "if not, why not" regime, and these are summarised in Appendix 4G and this Corporate Governance Statement.

The Board is of the view that with the exception of the departures from the ASX Recommendations noted below it otherwise complies with all of the ASX Recommendations. The information in this statement should be read in conjunction with the Company's 2020 Annual Report. This statement has been approved by the Board and is dated 30 September 2020.

## LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### 1.1: Role of Board and Management.

In general the Board provides input that assists in identifying and understanding emerging trends and issues; setting the broad framework within which the strategic and business plans will be prepared each year; recommending any significant shifts in the broad strategic direction of the Company; and reviewing, developing and approving the Company's long-term strategic plan and ensuring the Company develops annual business plans to achieve its strategic objectives.

Without limiting the general role of the Board, the principle functions and responsibilities include the matters set out below, subject to delegation to the Chief Executive Officer (**CEO**) and senior management as specified elsewhere in this statement, or as otherwise appropriate:

- overseeing the Company's operations including its control and accountability systems;
- appointing and removing the Chief Executive Officer, or their equivalent, as well as evaluating their performance;
- ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer and the Company Secretary;
- monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- ensuring appropriate resources are available to senior management;
- approving the Company's corporate governance framework;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;

- monitoring the financial performance of the Company;
- appointing the external auditor (based on recommendations of the Audit and Risk Management Committee);
- monitoring compliance with the Company's legal obligations, including those relating to the environment, native title, cultural heritage and occupational health and safety; and
- making a regular assessment of whether each Non-Executive Director is independent in accordance with the relevant policy.

The Board has delegated to the CEO day to day responsibility for running the affairs of the Company and to implement the policies and strategy set by the Board. The Board also delegates to senior management the responsibilities for the day-to-day activities leading toward achievement of the Company's strategic direction with agreed boundaries and authority limitations.

### 1.2: Information Regarding Election and Re-election of Director Candidates.

The policies and procedures for the selection and appointment of new Directors is that candidates are considered and selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, and credibility within the Company's scope of activities. Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting.

The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a Director (including whether Directors support the election or re-election) is disclosed in the notice of meeting provided to shareholders.

At each Annual General Meeting the following Directors automatically retire and are eligible for re-appointment:

- Any Director who has been elected in the office for a period in excess of three consecutive years or until the third annual general meeting following her/his appointment, whichever is longer, without submitting him/herself for re-election;

- Any Director who was appointed by the Directors during the year to fill a casual vacancy or as an addition to the existing Directors;
- One-third of the Directors or, if their number is not a multiple of three, then the greatest of one or the number nearest to but not exceeding one-third. If the Company has a Managing Director, they are exempt from this requirement.

### 1.3: Written Contracts of Directors and Senior Executive Appointments.

New Directors receive a letter of appointment and a deed of indemnity, insurance and access. Non-Executive Directors are not appointed for fixed terms. Executive Directors have written service contracts which set out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.

Each senior executive enters into a service contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements. Contract details of senior executives which are key management personnel are summarised in the Remuneration Report within the Annual Report which can be accessed on the Company's website at [www.armourenergy.com.au](http://www.armourenergy.com.au)

### 1.4: Company Secretary.

The Company Secretary is accountable directly to the Board (through the Chairman) for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary.

In accordance with the Company's Constitution, the appointment and removal of the Company Secretary is a matter for the Board as a whole. A copy of the Constitution is available on the Company's website under *Corporate Governance*, and the details and experience of the Company Secretary are set out in the Directors' Report contained within the Annual Report.

### 1.5: Diversity.

The Board has adopted a formal Diversity Policy which can be accessed on the Company's website under *Corporate Governance*. The Policy outlines the general purpose and principles, measurable objectives, targets and key performance indicators to be achieved when the Board considers the Company to be of sufficient size and scale, given the nature of its activities, for achieving gender diversity.

The recruitment and selection processes adopted by the Company ensure that staff and management are selected in a non-discriminatory manner based on merit.

The Company respects and values the competitive advantage of diversity (which includes but is not limited to gender, age, disability, ethnicity, marital or family status, religious or cultural background), and the benefit of its integration throughout the Company in order to improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals. However, the Board of Directors does not believe that the Company is currently of a sufficient size to justify the establishment of formal and measureable objectives, having regard to the nature and scale of its activities.

The Group currently has 46 direct employees including 8 female employees. There are currently no females at Board level, however there is one female at Executive level. In addition, under a contractual agreement with DGR Global, various services of an administrative, accounting, marketing and business development nature are provided, and whose staff also include female Executives and employees directly involved in the provision of services to Armour Energy.

### 1.6: Board Reviews.

The Board did not conduct a performance evaluation during the last 12 months and has not adopted a performance evaluation policy.

The Company believes that the small size of the Board and the current scale of the Company's activities make the establishment of a formal performance evaluation procedure unnecessary. In the normal course of events the Board reviews performance of the management, and the Company's

Directors. Achievement of goals and business development and compliance issues are evaluated regularly as a matter of course.

The Board is provided with the information it needs to discharge its responsibilities effectively. All Directors are familiar with the corporate governance policies and material contracts entered into by the Company. The Directors also have access to the Company Secretary for all Board and governance-related issues.

### 1.7: Management Reviews.

The Board has established a Remuneration Committee which periodically reviews and manages the performance (together with the full Board) and remuneration of the Company's CEO and management. No formal review process was undertaken during the year. Refer also to Recommendation 8.1.

## STRUCTURE THE BOARD TO ADD VALUE

### 2.1: Nomination Committee.

The Board's view is that the Company is not currently of the size to justify the formation of a separate Nomination Committee. The Board currently performs the functions of a Nomination Committee and where necessary will seek the advice of external advisors in relation to this role. The Board shall, upon the Company 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 as required.

## 2.2: Board Skills Matrix.

Maintaining a balance of experience and skills is an important factor in the composition of an ASX-listed entity's Board. The Board of the Company is

### SKILLS

Gas exploration and production  
Gas sales and commercial arrangements  
Project and corporate development  
Corporate restructuring  
Debt and equity financing  
M&A transactions  
Corporate finance/accounting  
Corporate strategy and development

currently comprised of seasoned industry professionals with combined qualifications, skills and experience as shown in the Board skills matrix below.

### INDUSTRY

Oil & gas  
Mining resources  
Funds management  
Corporate advisory and broking  
Utilities and infrastructure  
Accounting and finance  
Corporate and listed ASX

Details of the current Directors, their skills, experience, qualifications and record of attendance at meetings are included in the Directors' Report.

## 2.3: Disclose Independence and Length of Service.

Recognising the importance of the appropriate balance between independent and non-independent representation on the Board, the Company has developed a formal "Assessing the Independence of Directors" Policy, which can be accessed from the Company's website under *Corporate Governance*.

The Board of the Company is comprised of Messrs Nicholas Mather (Chair), Stephen Bizzell, Roland Sleeman and Eytan Uliel.

The Company does not consider Executive Chairman Mr Nicholas Mather to be an independent Director as defined in the ASX Recommendations on the basis that he is a Director of DGR Global Limited, the Company's largest shareholder, and also acts in an executive capacity for Armour Energy.

Mr Stephen Bizzell is a Non-Executive Director and the current Chairman of the Audit and Risk Management Committee. Mr Bizzell is a Director of Bizzell Capital Partners Pty Ltd, and has been a material adviser in the Company's fundraising activities over the past 24 months. As a result, the Company no longer considers him to be an independent Director in accordance with the ASX Recommendations.

Mr Roland Sleeman is a Non-Executive Director and the current Chairman of the Health, Safety & Environment (HSE) Committee. In addition, Mr Sleeman also chairs the Remuneration Committee. The Company considers Mr Sleeman to be an independent Director as defined in the ASX Recommendations.

Mr Eytan Uliel was appointed as a Non-Executive Director on 20 November 2017 and he is a finance executive with extensive experience in mergers and acquisitions, capital raisings and general corporate advisory services with oil and gas industry-specific experience in public market takeovers and transactions, private treaty acquisitions and farm-in/farm out transactions. The Company considers Mr Uliel to be an independent Director as defined in the ASX Recommendations.

Based on the above information, the Company is of the view that the Board currently does not consist of a majority of independent Directors. The Board will review the independence of each Director in light of interests disclosed to the Board from time to time, but at least on an annual basis.

The length of service and independence status of each Director can be found within the Directors' Report in the Annual Report.

## 2.4: Majority of Directors to be Independent.

Refer to Recommendation 2.3.

## 2.5: Chair Should Be Independent.

The Executive Chairman, Mr Nicholas Mather, is not considered to be independent under the ASX Recommendations. Mr Mather is not the CEO of the Company but has executive responsibilities.

The Company is of the view that the size and scale of its current operations do not warrant the appointment of an independent Chairperson and that non-compliance with this recommendation will not be detrimental to the Company or its shareholders.

## 2.6: Induction and Personal Development.

The Company does not have a formal structured induction program, however to familiarise themselves with the Company and its practices and procedures, Armour Energy has below information available to Directors upon request:

- any past minutes of Director's meetings of the Company;
- any existing policies or procedures of the Company which are in place;
- any minutes of meeting of shareholders of the Company;
- copies of the audited financial statements of the Company since 2011; and
- any other information, finance or otherwise, about the affairs of the Company that Directors request.

The Company encourages and recommends all Non-Executive Directors to attend relevant external seminars, conferences and educational programs for expanding their knowledge base and professional skills. Directors also have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense in accordance with the agreed procedure set up by the Board. For a new Director the Company Secretary will provide the following documents:

- a Letter of Appointment including appointment terms, the Director's duties and obligations, and the Director's entitlements;
- a Consent to Act, which requires a formal written consent to become a Director, containing the minimum information required by the Company; and
- a Deed of Indemnity, Insurance and Access.

## ACT ETHICALLY AND RESPONSIBLY

### 3.1: Code of Conduct.

The Board has established a Code of Conduct for Directors, management and employees of the Company. The Codes require that Directors, management and employees maintain high standards of integrity by ensuring that all business activities are conducted legally and ethically in compliance with the letter and spirit of both the law and Company policies. Copies of the Code of Conduct can be accessed on the Company's website under *Corporate Governance*.

## SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### 4.1: Audit Committee.

The Board has established an Audit and Risk Management Committee. The Committee currently comprises:

- Mr Stephen Bizzell – Non-Executive Director (Chairman of the Committee)
- Mr Eytan Uliel – Independent Non-Executive Director
- Mr Roland Sleeman – Independent Non-Executive Director

The committee is chaired by a Non-Executive Director - Mr Stephen Bizzell who is not the Chairman of the Board. All three members of the Committee are Non-Executive Directors. Currently the majority of the members are independent Directors.

The experience and qualifications of members of the Audit and Risk Management Committee are detailed in the Remuneration Report which forms part of the Directors' Report within the Annual Report. The Audit and Risk Management Committee held two meetings during the financial year ended 30 June 2020. Details of Committee members' attendance at those meetings can also be accessed in the Directors' Report within the Annual Report.

The Company has adopted an Audit and Risk Management Charter setting out the Committee as well as reporting requirements. The Charter will be reviewed annually to determine whether any changes are necessary. A copy of the Charter can be accessed from the Company's website under *Corporate Governance*.



The Audit and Risk Management Committee is responsible for:

- monitoring the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- reviewing the Company's internal financial control system;
- considering the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditors;
- monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
- developing and implementing policy on the engagements 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.

The Audit and Risk Management Committee is responsible for reviewing the nomination, performance and independence of the external auditors. BDO Audit Pty Ltd (BDO) was appointed as the Company's external auditor by shareholders in 2011. BDO has advised the Company that their policy of audit partner rotation requires a change in the lead engagement partner and review partner after a period of five years.

#### 4.2: CEO and CFO Certification of Financial Statements.

Prior to the approval of the Company's financial statements each year, the Chief Executive Officer and the Chief Financial Officer confirm in writing to the Board that the financial reports of the Company for the financial year:

- present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

#### 4.3: External Auditor at AGM

The Company's external audit function is performed by BDO. Representatives of BDO attend the Annual General Meeting and are available to answer shareholder questions regarding the audit or the financial statements.

#### MAKE TIMELY AND BALANCED DISCLOSURE

##### 5.1: Disclosure and Communications Policy.

The Board has adopted a Continuous Disclosure Policy to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Policy sets out the rules and procedures for ASX information disclosure, the responsibility of the Board, senior executives and staff to ensure that price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely, clear and objective manner and that all information provided to the ASX is posted on the Company's website as soon as possible after its disclosure to ASX.

The Company Secretary manages the Company's compliance with its continuous disclosure obligations and is responsible for communications with, and coordinating disclosure of information, to the ASX.

Directors receive copies of all announcements released to the ASX and copies of announcements, including related information, such as financial statements and public presentations, and are aware of and accountable for, the Company's compliance with regard to continuous disclosure.

A copy of the Continuous Disclosure Policy is available on the Company's website under *Corporate Governance*.

#### RESPECT THE RIGHTS OF SECURITY HOLDERS

##### 6.1: Information on Website.

Information about the Company and its operations is located at: <https://www.armourenergy.com.au/>

Information about the Company's corporate governance policies is available on the Company's website: <https://www.armourenergy.com.au/> under *Corporate Governance*.



## 6.2: Investor Relations Programs

The Company is committed to informing shareholders of all major developments affecting the operations of the Company and the state of its affairs, communications with shareholders include:

- the annual report which is distributed, or otherwise made available, to all shareholders;
- the quarterly activities report;
- the half-year financial report;
- the Annual General Meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate;
- Company announcements; and
- all of the information available on the Company's website <https://www.armourenergy.com.au/>

The Company welcomes questions from shareholders at any time and these are answered promptly unless the information requested is market sensitive and not in the public domain. All announcements made by the Company to the ASX (except disclosures of a routine compliance or administrative nature) are posted to its website.

## 6.3: Facilitate Participation at Meetings of Security Holders.

The Company encourages shareholder participation at its AGMs including by making notices of meetings available on its website. Armour Energy's external auditor attends the Company's AGMs and is available to answer any questions which shareholders may have about the conduct of the external audit for the relevant financial year and the preparation and content of the audit report.

Shareholders who are unable to attend meetings of the Company are encouraged to participate in meetings by way of appointment of a proxy.

## 6.4: Facilitate Electronic Communications.

The Company has the capability to communicate with shareholders electronically through its website and email communications. Electronic contact details are provided on the Company's website.

## RECOGNISE AND MANAGE RISK

### 7.1: Risk Committee.

The Board has not set up a stand-alone risk committee, but established a combined Audit and Risk Management Committee, which is responsible for:

- ensuring the development of an appropriate risk management policy framework that will provide guidance to management in implementing appropriate risk management practices throughout the Company's operations, practices and systems;
- defining and periodically review management as it applies to the Company and clearly identify all the stakeholders;
- ensuring that the committee clearly communicate the Company's risk management philosophy, policies and strategies to Directors, senior executives, employees, contractors and appropriate stakeholders;
- ensuring that Directors and senior executives establish a risk aware culture which reflects the Company's risk policies and philosophies;
- reviewing methods of identifying broad areas of risk and set parameters or guidelines for business risk reviews; and
- considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authority.

In addition, The Board has recently established a Health, Safety & Environment (**HSE**) Committee to review and monitor key HSE risks and/or impacts arising out of the activities and operations of the Company.

The HSE Committee is to advise the Board of specific HSE matters at the Board's request or where itself identifies additional matters which need the attention of the Board. Additionally, the HSE Committee may also be assigned to consider particular HSE risks and/or impacts by the Audit & Risk Management Committee.

The HSE Committee currently consists of:

- Mr Roland Sleeman – Independent Non-Executive Director (Chairman of the Committee)
- Mr Stephen Bizzell – Non-Executive Director
- Mr Brad Lingo – CEO

The HSE committee is chaired by an independent Non-Executive Director Mr Sleeman who is not the Chairman of the Board.

A copy of the Charter can be accessed on the Company's website under *Corporate Governance*.

## 7.2: Annual Risk Review.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management is required by the Board to report back on the efficiency and effectiveness of risk management, inter alia, by benchmarking the Company's performance against industry standards.

The risk profile of the Company contains both financial and non-financial factors including operational, field and geological risks, and a range of financial and corporate risks.

The Company has in place an experienced Board, regular Board meetings, an Audit and Risk Management Committee which aims to meet at least bi-annually, six monthly financial and internal audits, rigorous appraisal of new investments, advisers familiar with the Company, even more with the newly established HSE Committee which emphasizes on specific HSE risks within the Company, to mitigate the above mentioned risks.

The Company's risk management framework has been reviewed on a regular basis throughout the reporting period by the Board.

## 7.3: Internal Audit.

The Company does not have a formal internal audit function due to its current size. The Audit and Risk Management Committee monitors the need for an internal audit function. The Company's management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement, these systems are developed.

The Company's external auditors are consulted for advice by the Audit and Risk Management Committee. At this stage the Company's operational and financial functions are not complex, and all expenditure authorizations include the CEO and the CFO or Company Secretary. All suppliers are known to the Company, and any irregular and unrecognized expenses are routinely queried and discussed with one of the three personnel noted above.

## 7.4: Sustainability Risks

The Company, as an exploration company, faces inherent risks in its activities, including economic, environmental and social sustainability risks which may have a material impact on the Company's ability to create value for its shareholders.

The Board regularly monitors the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operation and financial risks and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's share. However, the Directors recognise that mineral exploration and evaluation is inherently risky.

The Board has formed a HSE Committee to review and monitor health, safety and environmental risks as outlined in 7.1 above.

Material business risks are considered in the preparation of the Review of Operations in the Annual Report. In relation to environmental risks, the Company closely monitors its exposure to all such risks at the current projects located within Australia, and seeks the input of specialist environmental consultants as required.

## REMUNERATE FAIRLY AND RESPONSIBLY

### 8.1: Remuneration Committee.

The Remuneration Committee of the Board, is comprised of Messrs. Sleeman, Bizzell and Mather, and is responsible for making decisions on Directors' and key management personnel's remuneration packages. There is no requirement that the Remuneration Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfill its obligations. There were no meetings held in the financial year ended 30 June 2020. The Committee is chaired by an independent Non-Executive Director Mr Sleeman and majority of members are not considered to be independent.

The Board has adopted a Remuneration Committee Charter, which is available on the Company's website under *Corporate Governance*.

## 8.2: Disclosure of Executive and Non-Executive Director Remuneration Policy.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Board assesses

the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Disclosure of the remuneration details for Directors and Executives occurs each year in the Remuneration Report segment of the Company's Annual Report. Details of the CEO's remuneration arrangements are published on the ASX at the time of establishment and at the time of any material change thereafter.

The Constitution of the Company provides that the Non-Executive Directors are entitled to remuneration as determined by the Company in general meeting to be paid as to a fixed amount for each Director. Additionally, Non-Executive Directors are entitled to be reimbursed for properly incurred expenses. All Directors have the opportunity to qualify for participation in the Directors' and Executive officers' option plan, subject to the approval of shareholders.

The remuneration of the Executives may from time to time be fixed by the Board, which will comprise a fixed remuneration component and also may include offering specific short and long-term incentives in the form of performance based salary increases and/or bonuses; and/or the issue of options.

Details of the Company's remuneration arrangements for Non-Executive Directors, Executive Directors and senior Executives including fee rates, are set out in the Remuneration Report in the Annual Report.

## 8.3: Equity Based Remuneration Scheme.

The Company's Share Trading Policy specifically prohibits Directors and senior Executives from engaging in short-term trading in the Company's securities. The Policy is being revised to ensure that participants may not enter into transactions which limit the economic risks of participating in the Performance Rights Plan. The Share Trading Policy can be accessed on the Company's website under *Corporate Governance*.