

## **CORPORATE GOVERNANCE STATEMENT – YEAR ENDED 30 JUNE 2021**

In July 2014, the Australian Securities Exchange (ASX) Corporate Governance Council (Council) published revised Corporate Governance Principles and Recommendations (ASX Recommendations). The Listing Rules of ASX require Australian-listed companies to report on the extent to which they have complied with the ASX Recommendations during the reporting period. Where a company has not followed all of the ASX Recommendations, it must identify the ASX Recommendations that have not been followed and give reasons for not adhering to them. If a recommendation has been followed for only part of the period, the company must state the period during which it has been followed.

The ASX Recommendations are structured around and seek to provide 8 central principles

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Act ethically and responsibly
4. Safeguard integrity in financial reporting
5. Make timely and balanced decisions
6. Respect the rights of security holders
7. Recognise and manage risk; and
8. Remunerate fairly and responsibly

As recognised by the Council, corporate governance is “the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations.” It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimised. There is no single model of good corporate governance. Corporate governance practices will evolve in the light of the changing circumstances of a company and must be tailored to meet those circumstances.

This Statement outlines the main corporate governance practices of the Company applicable at 29 September 2021. The governance practices implemented by the Company have regard to the ASX Recommendations and the available resources and nature of the Company’s operations.

### **ROLE OF THE BOARD AND MANAGEMENT**

The board is responsible to shareholders for the overall corporate governance of the Company. This responsibility includes:

- determining and periodically reviewing the Company’s strategic direction and operational policies;
- establishing goals for management and tracking the roll-out and achievements of these goals;
- reviewing and approving the Company’s Business Plan and complementary annual/revised budgets prepared by management;
- approving all significant business transactions including any acquisitions, divestments, resource development and significant capital expenditure;
- approving capital raisings in any form;
- monitoring business risk exposures and risk management systems;
- considering and approving financial and other obligatory reporting, including continuous disclosure reporting;
- timely reporting to shareholders and other stakeholders.

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A strategic balance is maintained between the responsibilities of the Chairman (in his non-executive capacity), the Managing Director and the other Director.

As Non-Executive Chairman, the specific executive responsibilities of Mr J M Hamer are:

- ensuring the efficient organisation and conduct of the Board's function,
- oversee the Company's strategy in relation to exploration,
- evaluate, in conjunction with the Managing Director, opportunities that may arise in the minerals industry from time to time,
- consider exploration and development orientated capital expenditure and recommend appropriate courses of action; and
- overseeing that membership of the Board is skilled and appropriate for the Company's needs.

The Managing Director, (being Mr G Fethers during the whole financial period), is accountable to the Board for the management of the Company within the policy and authority levels prescribed by the Board from time to time. He is responsible for the day-to-day management of the Company's principal business operations and elsewhere and has the authority to approve non-planned capital expenditure, business transactions and personnel appointments within predetermined limits set by the Board.

The Managing Director's specific responsibilities include:

- preparing the Company's strategic and quarterly operating plan and, following its adoption by the Board, ensuring that business development is in accordance with that plan,
- evaluating mining projects and formulating strategies to acquire, farm-in or obtain interests in suitable projects and divest non-essential projects in which the Company has an interest,
- engaging appropriately qualified contractors to undertake exploration programmes approved by the Board,
- interfacing with analysts, brokers, investors and the Company's appointed advisers regarding the Company's performance, a role shared with the Non-Executive Chairman,
- responding to written or telephonic shareholder enquiries, and
- maintaining overall management of the Company's reporting, statutory accounting, auditing, treasury, taxation and insurance covers with his specific responsibilities including:
  - preparing program and other expenditure budgets for the approval of the Board and monitoring the financial performance of the Company against approved budgets,
  - ensuring that appropriate financial reports are provided to the Board at each of its meetings and, on a quarterly, biannual and annual basis, to the Board and, in conjunction with the Company Secretary, also to the ASX, and
  - monitoring the Company's risk management framework to ensure that established policies, guidelines, procedures and controls are implemented.

In the capacity of Company Secretary Mr G Fethers is responsible for ensuring that the Board also receives relevant information and reports (notably on auditing, taxation and legal matters) at its regular meetings and otherwise as appropriate. The Company Secretary is responsible for the lodgement of statutory financial statements and ASX/ASIC reporting, including any correspondence in relation to ASX reporting and of a non-routine nature from ASIC.

The Board has responsibility for protecting, guiding and monitoring the business affairs of the Company in the interests and for the benefit of stakeholders.

To fulfil this role, the Board is responsible for the strategic direction of the business, establishing goals for management and monitoring the achievement of goals. Responsibility for day-to-day activities of the entity is delegated to the Managing Director. The Company's Board and management jointly strive to achieve best practice in meeting their responsibilities for the business and affairs of the Company.

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The Board Charter is available on the Company's website ([www.reedylagoon.com.au](http://www.reedylagoon.com.au)) and specifically at: <https://www.reedylagoon.com.au/about-us/corporate-governance/>. The Charter outlines details of:

- the role and responsibilities of the Board of directors;
- the role and responsibilities of the Chairman and the Company Secretary;
- delegations of authority;
- membership; and
- Board processes

### **COMPOSITION OF THE BOARD**

The Board comprises two non-executive directors (Mr J Hamer and Mr A Griffin) who are considered by the Board to be independent in terms of Council's definition of an independent director, and one executive director (Mr G Fethers) who is not considered by the Board to be independent in terms of Council's definition of an independent director. It is noted that all of the directors hold substantial shareholdings in the Company but such interests are not reasonably to be seen to interfere with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally.

The Board has adopted and implemented a number of measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

- directors are entitled to seek independent professional advice at the Company's expense, subject to the prior approval of the non-executive Chairman; and
- directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion and the taking of a vote on the matter.

The names, qualifications and periods of office of the current directors of the Company as at the date of this statement are set out in the Directors Report in the 2021 Annual Report (to be released in September).

The Board believes three directors are adequate given the size, nature and scope of the Company's current operations but intends to appoint a fourth and independent director when activities increase. There is no formal program for inducting new directors due to the size of the Company which does not comply with recommendation 2.6 of the ASX Recommendations.

The independent Chairman has a casting vote.

The Company does not have a nomination committee and consequently does not comply with recommendation 2.1 of the ASX Recommendations. The Board is of a size and composition which is conducive to making the relevant decisions itself efficiently and expeditiously.

The Company does not have 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 and consequently does not comply with recommendations 2.2 of the ASX Recommendations. The Board is of a size and composition which is conducive to making the relevant decisions itself efficiently and expeditiously.

The Board does not intend to establish an audit committee and consequently does not comply with Recommendation 4.1 of the ASX Recommendations. The Board does not intend to establish a risk committee and consequently does not comply with Recommendation 7.1 of the ASX Recommendations. The Board does not intend to establish a remuneration committee and consequently does not comply with Recommendation 8.1 of the ASX Recommendations. Instead the Board will discharge its responsibilities in respect of audit, risk management and remuneration of directors and senior executives. The Board is of a size, composition and physical location which is conducive to making the relevant decisions itself efficiently and expeditiously.

The Board is of the view that it is adequately structured to meet the needs and governance of the Company having an independent non-executive Chairman with a casting vote and with each current director bringing a range of different and complementary skills and experience to the Company as indicated in the Directors' Report in the 2021 Annual Report to be released in September).

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The Board is responsible for the appointment of the Managing Director and conducts an ongoing review of his performance. The Chairman is responsible for collating the views of the other directors for the purposes of reviewing the performance of the Board.

A formal performance evaluation of the board and its members has not taken place since the end of the last financial period.

### **ETHICAL AND RESPONSIBLE DECISION MAKING**

It continues to be the policy of the Company for directors, officers and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealings with suppliers, business partners, regulatory authorities and the general communities in which it operates. Officers and employees of the Company are expected to:

- comply with the law,
- act honestly and with integrity and objectivity,
- not place themselves in situations which result in divided loyalties,
- use the Company's assets responsibly and in the interests of the Company and,
- be responsible and accountable for their actions.

The Company established a trading policy in 2007 which all directors, officers and employees are required to observe and is available on the Company's website ([www.reedylagoon.com.au](http://www.reedylagoon.com.au)). A copy will be provided to any shareholder on request to the Company Secretary.

The Company actively supports diversity within the organisation including, but not limited to, gender, age, ethnicity and cultural background. However, the Company does not have a specific policy for gender diversity and consequently does not comply with recommendation 1.5 of the ASX Recommendations. Directors consider the number of people within the Company to be too small to benefit from such a policy.

### **INTEGRITY OF FINANCIAL REPORTING**

The Company's Managing Director declares in writing to the board (in accordance with section 295A of the Corporations Act 2001 that, in his opinion, the consolidated financial statements of RLC and its controlled entities for each half and full financial year have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company's financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The objectives of the Board are to:

- ensure the integrity of external financial reporting,
- ensure that controls are established, maintained and adhered to in order to safeguard the Company's financial and physical resources,
- ensure that systems or procedures are in place and operational so that the Company complies with relevant statutory and regulatory requirements,
- assess financial risks arising from the Company's operations, and consider the adequacy of measures taken to moderate those risks, and
- liaise with external auditors periodically.

The appointment of an external auditor is subject to ratification by shareholders at an Annual General Meeting. The Board:

- reviews the performance of the external auditor on an ongoing basis;
- ensures the external auditor has arrangements in place for the rotation of the audit engagement partner including that the audit engagement partner must rotate every five years; and
- ensures any non-audit services provided by the external auditor do not compromise the independence of the external audit function.

### **CONTINUOUS DISCLOSURE TO ASX**

The Board is responsible for monitoring compliance with ASX Listing Rule disclosure requirements and approves each proposed announcement to ASX before it is released. The Company Secretary is responsible, under the ASX Listing Rules, for all communications with ASX. The Non-Executive Chairman, Managing Director and

# REEDY LAGOON CORPORATION LIMITED

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Company Secretary periodically discuss issues relating to the Company's continuous disclosure obligations. The Company's Disclosure and Communications Policy is available on the Company's website ([www.reedylagoon.com.au](http://www.reedylagoon.com.au)) and will be provided to any shareholder on request to the Company Secretary.

### COMMUNICATION WITH SHAREHOLDERS

It is the policy of the Company to ensure that shareholders have equal and timely access to material information concerning the Company.

All documents which are released publicly are made available on the Company's website ([www.reedylagoon.com.au](http://www.reedylagoon.com.au)). The website provides information on the Company's mineral projects as well as ASX releases and audited financial statements.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

RLC's external auditor is required by law to attend the AGM to answer questions relevant to, inter alia, the conduct of the audit and the preparation and content of the auditor's report, and does attend.

### RISK MANAGEMENT

The Board is responsible for the oversight of the Company's risk management and control framework. The Company has implemented a policy framework designed to ensure that the Company's risks are identified and that controls are adequate, in place and functioning effectively. Responsibility for aspects of control and risk management is delegated to the pertinent individual within the Company with the Managing Director having ultimate responsibility to the board for the risk management and control framework.

Areas of significant business risk are highlighted to the Board by the Managing Director.

The Company does not have an internal audit function. The Company evaluates and continually improves the effectiveness of its risk management and internal control processes through arrangements put in place by the Board to monitor risk management which include reporting to each board meeting in respect of operations and the financial position of the Company.

The Company's Managing Director has provided reports in writing to the Board that:

- the declaration given in accordance with section 295A of the Corporations Act 2001 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 framework is operating efficiently and effectively in all material respects.

The Company has considered its economic, environmental and social sustainability risks by way of internal review and has concluded that it is not subject to material economic, environmental and social sustainability risks.

### REMUNERATION

Details of the remuneration of the directors are disclosed in the Remuneration Report set out in the 2021 Annual Report (to be released in September).

The Company does not have a policy prohibiting the entering into transactions in associated products which limit the economic risk of participating in uninvested entitlements under relevant equity based remuneration schemes and consequently does not comply with recommendation 8.3 of the ASX Recommendations. This is because the only equity based remuneration scheme offered to directors takes the form of options over unissued shares with an exercise price in excess of the current market price and shares that may be issued to directors at their election in lieu of cash remuneration payable which shares are issued at market value (determined as the VWAP (Volume weighted average price) of RLC shares traded on ASX on the 5 days on which the shares traded on ASX most closely preceding the month in which the election to receive shares is made).

There is no scheme for retirement benefits, other than superannuation, for non-executive directors.