



# MEDALLION METALS

L I M I T E D

## Corporate Governance Statement March 2021

The Board of Directors of Medallion Metals Limited (“**Medallion**” or “**Company**”) is responsible for the overall corporate governance of the Company. The Board guides and monitors the business and 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 (“**Statement**”) outlines the main corporate governance policies and procedures in place as at 10 March 2021 and was approved by the Board of the Company on that date.

In establishing its corporate governance framework and the policies and procedures that comprise the Company’s Corporate Governance Plan (“**Plan**”), the Company has referred to the Australian Securities Exchange (“**ASX**”) Corporate Governance Council’s (“**CGC**”) 4<sup>th</sup> Edition (February 2020) of the “Corporate Governance Principles and Recommendations (“**the Recommendations**”).

To the extent applicable, commensurate with the Company’s size and nature, the Company has adopted the Recommendations, unless stated otherwise.

The Company will review on an annual basis all of its corporate governance policies and procedures under the Plan to ensure they are appropriate for the Company’s current stage of development.

By order of the Board.



## Disclosure of Corporate Governance Practices Summary Statement

Recommendations (4 <sup>th</sup> Edition)	Comply
<b>Principle 1: Lay solid foundations for management and oversight</b>	
<b>Recommendation 1.1</b>	
A listed entity should disclose:	<b>Yes</b>
(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.	
<b>Recommendation 1.2</b>	
A listed entity should:	<b>Yes</b>
(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.	
<b>Recommendation 1.3</b>	
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<b>Yes</b>
<b>Recommendation 1.4</b>	
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.	<b>Yes</b>
<b>Recommendation 1.5</b>	
A listed entity should:	<b>Partial</b>
(a) have and disclose a diversity policy;	
(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and	
(c) disclose in relation to each reporting period:	
(1) the measurable objectives set for that period to achieve gender diversity;	
(2) the entity's progress towards achieving those objectives; and	
(3) either:	
(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or	
(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	
<i>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period</i>	
<b>Recommendation 1.6</b>	
A listed entity should:	<b>Yes</b>
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	
(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	





<b>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</b>	
<p><b>Recommendation 3.1</b></p> <p>A listed entity should articulate and disclose its values</p>	<b>Yes</b>
<p><b>Recommendation 3.2</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	<b>Yes</b>
<p><b>Recommendation 3.3</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy</p>	<b>Yes</b>
<p><b>Recommendation 3.4</b></p> <p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<b>Yes</b>
<b>Principle 4: Safeguard the integrity of corporate reports</b>	
<p><b>Recommendation 4.1</b></p> <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, 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>	<b>No</b>
<p><b>Recommendation 4.2</b></p> <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>	<b>Yes</b>
<p><b>Recommendation 4.3</b></p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor</p>	<b>Yes</b>



<b>Principle 5: Make timely and balanced disclosure</b>	
<b>Recommendation 5.1</b>	
A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<b>Yes</b>
<b>Recommendation 5.2</b>	
A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<b>Yes</b>
<b>Recommendation 5.3</b>	
A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<b>Yes</b>
<b>Principle 6: Respect the rights of security holders</b>	
<b>Recommendation 6.1</b>	
A listed entity should provide information about itself and its governance to investors via its website.	<b>Yes</b>
<b>Recommendation 6.2</b>	
A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<b>Yes</b>
<b>Recommendation 6.3</b>	
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<b>Yes</b>
<b>Recommendation 6.4</b>	
A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<b>Yes</b>
<b>Recommendation 6.5</b>	
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	<b>Yes</b>
<b>Principle 7: Recognise and manage risk</b>	
<b>Recommendation 7.1</b>	
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	
(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.	<b>No</b>
<b>Recommendation 7.2</b>	
The board or a committee of the board should:	
(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	
(b) disclose, in relation to each reporting period, whether such a review has taken place.	<b>Yes</b>



<p><b>Recommendation 7.3</b></p> <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 governance, risk management and internal control processes.</p>	<b>Yes</b>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<b>Yes</b>
<b>Principle 8: Remunerate fairly and responsibly</b>	
<p><b>Recommendation 8.1</b></p> <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,</p> <p>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><b>No</b></p> <p><b>Yes</b></p>
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<b>Yes</b>
<p><b>Recommendation 8.3</b></p> <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>	<b>Yes</b>

A summary of the explanations for the Company's departures from certain Recommendations are detailed in the table below.

Recommendation	Explanation for departure
1.5 Diversity Policy	While the Company is committed to workforce diversity, the Board believes that with its scale of activities and relatively small number of employees, it is not appropriate in the Company's current circumstances that the Board set and disclose measurable objectives for achieving gender diversity; and annually assess objectives and the entity's progress in achieving them.
2.1 Nomination Committee	The Company will not have a separate nomination committee until such time as the Board is of sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee.
2.4 Majority of Independent Directors on the Board	The Company does not currently have any Independent Directors on the Board. This is not considered unreasonable due to the current size and nature of the existing Board and the magnitude of the Company's operations.



2.5 Chair should be Independent Director (and not the CEO)	The Chair of the Company is not currently considered an independent Director. The Board does not have an independent Chair because, at this stage in the Company's development, John Fitzgerald is considered best placed to fulfil this role. The Board may as necessary consider the appointment of an independent director who can fulfil the role in the event the Chair is conflicted.
4.1 Audit Committee and 7.1 Risk Committee	The Company will not have a separate audit and/or risk committee(s) until such time as the Board is of sufficient size and structure, and the Company's operations are of a sufficient magnitude for a committee or separate committees to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to those separate committees under the written terms of reference for those committees.
7.3 Internal Audit Function	The Company will not have an internal audit function under the current circumstances until the Company's operations are of a sufficient number and magnitude to be of benefit to the Company. In the meantime, Senior Management with the involvement and oversight of the full Board will carry out the duties that would be ordinarily assigned to that function.
8.1 Remuneration Committee	The Company will not have a separate remuneration committee until such time as the Board is of sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee.



## Explanation and Commentary

### **Principle 1: Lay Solid Foundations for Management and Oversight**

#### ***Primary Role of the Board***

The Board's primary role is the protection and enhancement of long-term shareholder value.

#### ***Board Operation***

To ensure the Board is well equipped to discharge its responsibilities, the Board has adopted a formal *Board Charter* ("**Charter**"). The Charter details the Board's role, authority, responsibilities, membership and operation and sets out the matters specifically reserved for the Board and the powers delegated to any of its Committees (if applicable), the Managing Director ("MD")/Chief Executive Officer ("CEO") and to management. In addition, Clauses 15.1 to 15.6 of the Company's *Constitution (July 2020)* ("**Constitution**") details the specific powers and duties of directors as empowered on them by the Company's shareholders

#### ***Board Processes***

The Board is responsible for the overall Corporate Governance of the Company including setting its values and strategic objectives, establishing goals for executive management and monitoring the achievement of these goals. The Board has approved a *Statement of Values and Purpose* ("**SVP**") and has established a framework for the management of the Company and its controlled entity, a framework which divides the functions of running the Company between the Board, the MD/CEO and the Senior Management Team. The Board has put in place a system of internal control, a risk management policy, and has the task of monitoring financial performance and the establishment of appropriate ethical standards. The agenda for meetings of the Board is prepared by the Company Secretary in consultation with the Chair and the MD/CEO. Standard agenda items include project reports, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Senior executives are regularly involved in Board discussions.

The Company Secretary of the Company is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures and is to provide advice to the Board on the application of the Board Charter, the Company's Constitution, corporate governance matters, ASX Listing Rules and other applicable laws.

#### ***Roles of the Chair, MD/CEO and the Senior Management Team***

The Chair is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings, ensuring then approving that an accurate record of the minutes of board meetings is held by the Company and conducting the shareholder meetings.

The MD/CEO and the Senior Management Team are ultimately responsible and accountable for the day to day running of the Company and for implementing the strategic objectives and operating within the risk appetite set by the Board. The Board regularly reviews the division of functions between the Board and the senior executives.



### ***Appointment of Directors and Management***

The Company has put in place an appropriate organisational and management structure commensurate with the Company's size and nature to ensure the day to day running of the Company is undertaken in an effective and efficient manner and to ensure the Company has the right mix of skills and resources to implement and achieve the Board's corporate and strategic objectives. The Board is to regularly review this structure to determine that it is appropriate and "fit for purpose" and if necessary, make changes.

The directors have a clear understanding of their duties, roles and responsibilities and of the expectations of them, as contained within a written agreement agreed and signed by the Company and each director. Any material variations to the directors' and MD/CEO agreements are disclosed in accordance with *ASX Listing Rule 3.16.4*.

The Company has in place written agreements with each senior executive which sets out the terms of their appointment, a description of their position, duties and responsibilities, remuneration details and the circumstances giving rise to termination.

The Board will review its composition as required against the Company's Board skill matrix to ensure that the Board has the appropriate mix of qualifications, experience and expertise for which the Board is looking to achieve in its membership. Under the direction and supervision of the Chair, appropriate background checks will be undertaken of each candidate as to the person's character, experience, education, criminal record and bankruptcy history. Each incumbent director is encouraged and given the opportunity to meet with each candidate on a one to one basis. The full Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders. For the meeting, shareholders are given sufficient information of the new director, including but not limited to biographical details, qualifications other listed directorships currently held and in the case of a director standing for election for the first time, advice that appropriate background checks have been undertaken.

### ***Diversity Policy***

The Company has in place a *Diversity Policy* which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences, and perspectives, irrespective of gender, age, ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the *Diversity Policy*.

While the Company is committed to workforce diversity, it is the Board's view that with the Company's scale of activities and relatively small number of employees, it is not appropriate in the Company's current circumstances that the Board set and disclose measurable objectives for achieving gender diversity; and annually assess objectives and the entity's progress in achieving them.

Pursuant to *Recommendation 1.5* of the Recommendations, the Company discloses the following information as at the date of this Statement:

- Percentage of women employed within the whole organisation – 2 out of 5 (40%);
- Percentage of women in a senior management position – 1 out of 3 (33%); and
- Percentage of women employed at the Board level – 0 out of 4 (0%).

The Company has defined an employee who is in a senior management position as a person who is a "senior manager" as defined in *Section 9 (Definitions)* of the *Corporations Act 2001 (Cth)*, namely a person who is at the highest management level of the Company who "makes, or participates in making decisions that affect the whole, or a substantial part, of the business of the corporation; or has the capacity to affect significantly the corporation's financial standing".



### ***Performance Assessment of the Board, the MD/CEO and Senior Executives***

The Company has in place a *Performance Evaluation Policy* which describes how the Company evaluates the performance of the Board, the MD/CEO and senior executives on an annual basis.

Currently, there is no formal annual performance appraisal system in place for Board performance on a director by director basis. In the coming year, each director's performance will be discussed informally, whereby the performance of individual members and the performance of the Board as a whole, will be assessed. A standalone board performance review may be conducted.

The Chair, in conjunction with the MD/CEO, will oversee the performance evaluation of the Senior Management Team. This evaluation is based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved and the development of management and personnel.

The Company will disclose in its Annual Report whether a performance evaluation was undertaken in each reporting period in accordance with the process outlined above.

### **Principle 2: Structure the Board to Add Value**

#### ***Nomination Committee***

Until such time as the Board is of sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committees to be of benefit to the Company, the Board has determined not to establish a nomination committee. The functions of the nomination committee are performed by the Board as a whole, when required, using the principles for setting the composition of the Board as set-out in the Charter.

The roles and responsibilities conducted by the Board to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities include considering the size and composition of the Board, assessing and determining the independent status of each director, regularly determining whether each has enough time to commit to carry out his duties, responsibilities and implementing a plan for identifying, assessing and enhancing director competencies.

#### ***Board Composition***

The composition of the Board is determined using the following principles:

- The Board currently comprises four directors. Under Clause 14.1 of the Company's Constitution, this number may be increased to a maximum of nine directors where it is required due to a commercial alliance, or felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- The Board comprises directors with a broad range of expertise with an emphasis on corporate finance, commercial, exploration, mining and project development related experience; and
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than a MD/CEO) are subject to re-election at least every three years. The tenure of the MD/CEO is linked to their holding of executive office.

Pursuant to *Recommendation 2.2* and *Recommendation 2.3* of the Recommendations, the name, position, independence classification, qualification, skills and length of service of each director of the Company in office at the date of the Statement is:



Name	Position	Independence Classification#	Qualification & Skills Matrix	Service (yrs)
John D Fitzgerald	Non-Executive Chair	Non-Independent	Finance executive, corporate finance, commercial and project development	Less than 1
Paul W Bennett	MD/CEO	n/a, executive	Mining engineer, corporate finance, commercial, mining and project development	Less than 4
Edmund J Ainscough	Non-Executive Director	Non-Independent	Geologist, commercial, exploration, mining and project development	Less than 5
Anthony P James	Non-Executive Director	Non-Independent	Mining engineer, corporate, mining and project development	Less than 1

# the majority of non-executive directors have been assessed as not being independent under the independence criteria detailed in *Recommendation 2.3* of the Recommendations.

### **Director and Chair Independence**

The composition of the Board is considered to be appropriate for a Company that is undertaking advanced exploration activities on the Company's principal asset, the Ravensthorpe Gold Project (RGP). As at 10 March 2021, the non-executive directors, namely Edmund Ainscough, John Fitzgerald and Anthony James, are not considered independent under the Independence Criteria detailed in *Recommendation 2.3* of the Recommendations.

Despite this departure from the Recommendation, the Board believes that each non-executive director is well qualified and has the relevant industry expertise to make decisions that are in the best interests of the Company.

The Chair of the Company is not currently considered an independent Director. The Board does not have an independent Chair because, at this stage in the Company's development, John Fitzgerald is best placed to fulfil this role. The Board has taken the following steps to structure the Board to add value despite not having an independent Chairman:

- (a) Board meetings are held with a flat structure allowing contribution from all Directors that allows for a diversity of views to be considered;
- (b) the Board may as necessary consider the appointment of an independent director who can fulfil the role in the event the Chair is conflicted.

Each director's independence is assessed on a regular basis against the Independence Criteria and the quantitative and qualitative Materiality Thresholds (listed in Annexure B of the Charter) when appropriate.

Where a director acquires an interest, position, association or relationship described in *Recommendation 2.3* of the Recommendations and exceeds the Materiality Thresholds set out in the Charter, the director must immediately declare the nature of the interest, position, association or relationship and the Board will determine whether to declare any loss of independence.

The Board will consider the following quantitative and qualitative materiality threshold tests and guidelines for assessing the materiality of matters:



- balance sheet items are material if they value of more than 5% of pro-forma net assets;
- profit and loss items are material if they have an impact on the current year operating result of 10% or more;
- items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or 10% or more on profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%; and
- contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the qualitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

### ***Conflict of Interest***

In accordance with *Section 191* of the *Corporations Act 2001 (Cth)* and Clause 16.16 of the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any material personal interest in a matter that relates to the affairs of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered at the meeting or vote on that matter except where permitted by the *Corporations Act 2001 (Cth)*.

### ***Director Professional Development***

The non-executive directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Company operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. Directors will visit the RGP at least once a year, and will meet with members of the Senior Management Team on a regular basis to enable directors to maintain an understanding of the roles and responsibilities of executives and of the culture and values within the Company.

### ***Independent professional advice***

Each director has the right of access to all relevant Company information and to the Company's management and, subject to prior consultation with the Chair, may seek independent professional advice at the Company's expense. A copy of the advice received by the director is made available to all other members of the Board.

### ***Board Committees***

Due to the size of the Board and the scale of activities, the Board has determined there are no efficiencies, at this time, of establishing separate committees of the Board. In the meantime, the functions of the nomination, remuneration, audit and risk committees are performed by the Board as a whole, when required, using the principles for each committee as set-out in the Charter that would ordinarily be assigned to that committee under the written terms of reference for that committee.

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

All directors and employees are expected to act lawfully with the utmost integrity, honesty and objectivity, striving at all times to enhance the values, performance and reputation of the Company



and its controlled entity. To this end, the Company has in place both a written *Code of Conduct* and Board approved *Statement of Values and Purpose* (“SVP”) to articulate these guiding principles.

### ***Code of Conduct***

The Company has established a written *Code of Conduct* which outlines the culture, practices, expected conduct, values and behaviour to be displayed by all employees in upholding the integrity, reputation and accountability of the Company and its controlled entity in the work environment and in the interactions with the Company’s various stakeholders. Certain practices are necessary to comply with Federal and Western Australian State industrial legislation and the Corporations Law. The Code of Conduct has a clear responsibility and accountability of employees for reporting and investigating reports of unethical practices by reference to specific rules and policies such as the rules for trading in the Company securities, and on discrimination, harassment and bullying.

### ***Trading in Company Securities by Directors, Officers and Employees***

The Company has in place a fit-for-purpose *Securities Trading Policy* for the trading in Company securities by directors, officers and employees as required under *ASX Listing Rule 12.12*. The Policy is worded to ensure compliance with *Section 1043A* of the *Corporations Act 2001* (on insider trading), *Part 2D.1* of the *Corporations Act 2001* (on the proper duties in relation to the use of inside information), and *ASX Listing Rules 3.19A, 12.9, 12.10, and 12.11* and *Guidance Note 27*.

The MD/CEO and the Chair (in the absence of, and for the approval of, the MD/CEO), has been appointed the Approval Officer under the Policy to ensure that the following rules for the trading in Company’s securities are strictly adhered to:

- Trading in Company securities is only permitted, unless exempted under specified permitted dealings, following the notification of the intention to trade by submitting a Notification Form with the Approval Officer and dealing is not to occur until a receipt of confirmation is received from the Approval Officer. Separately, dealings by directors must not occur until confirmation of approval has been sent to all other directors;
- Trading in Company securities is prohibited at any time when in possession of unpublished information, which if generally available, might materially affect the price or value of those securities;
- Trading in Company securities is prohibited during specified prohibited periods, known as black-out periods;
- Active trading in Company securities, which involves frequent and regular trading in those securities with a view to derive profit related income from that activity, is prohibited;
- The entering into contracts to hedge exposure to equity-based remuneration, is prohibited; and
- Only in exceptional circumstances can approval be obtained in advance from the Approval Officer to trade outside the specified prohibited periods.

### ***Discrimination, Harassment and Bullying Policies***

The Company is committed to providing a work environment that is safe, fair and free from discrimination, harassment and bullying for all employees of the Company. All employees are encouraged to follow adopted procedures (as part of the *Code of Conduct*) allowing concerns or instances of illegal conduct or malpractice to be raised in good faith without being subjected to victimisation, harassment or discriminatory treatment.

The Company has in place a *Whistleblower Policy*, containing written guidelines and procedures by which all employees can confidentially speak-up and report improper conduct without fear of discrimination and to have such reportable matters properly investigated.



### ***Anti-Bribery and Corruption Policy***

The Company has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Company has in place an *Anti-Bribery and Corruption Policy* to ensure that it has effective procedures in place to prevent bribery and corruption. This Policy sets out the Company's requirements in relation to interactions with public officials and third parties. Specifically, no employee is permitted to pay, offer, accept or receive a bribe in any form and must exercise common sense and judgement in assessing whether any arrangement could be perceived to be corrupt or otherwise inappropriate.

### **Principle 4: Safeguard the Integrity of Corporate Reports**

The Board reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy prior to their release to shareholders, investors and other public forums. There is regular communication between the Board, management and external auditor. In accordance with *Section 324DA of the Corporations Act 2001*, the audit partner of the external auditor is required to be rotated after five successive financial years. It is the role of the Board to select the new audit engagement partner as nominated by the external partner after considering each nominated individual's experience, reputation and independence.

In addition, in the absence of an internal audit function, the Board assists and assesses the adequacy of the Company's internal control and financial risk management systems, accounting and business policies.

Due to the size of the Board and scale of activities, the Board has determined there are no efficiencies, at this time, of establishing a separate audit committee.

The MD/CEO and the Chief Financial Officer ("CFO") are required to state in writing to the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. Pursuant to *Section 295A of the Corporations Act 2001*, the MD/CEO and the CFO are required to provide written certification to the Board, at both the end of the Half-Year and the Full-Year reporting periods, that the Company's and Group's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

The Company has in place a *Social Media Policy* that states that no Company statements or announcements/reports (periodic or otherwise) cannot be released on the ASX Market Announcements Platform (market) or made through social media channels unless authorised by the Chair or MD/CEO, ensuring before its release that a final draft of the document has been circulated to the Board for its integrity and approval. Authorisation from the Chair or MD/CEO must be obtained before a Restricted Person (as defined under the Policy) can use social media including but not limited to uploading content or speaking on behalf of the Company.

### **Principle 5: Make Timely and Balanced Disclosure**

#### ***Continuous Disclosure and Shareholder Communication***

The Company is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the *ASX Listing Rules* and *the Corporations Act 2001*.

The Company has in place a *Continuous Disclosure Policy* that states, in compliance with *Recommendation 5.3* of the Recommendations, that all shareholders and investors will have equal



and timely access to material information concerning the Company, including material information about its financial position, performance, ownership and governance.

The Company has appointed the CFO to oversee the continuous disclosure practices of the Company and its controlled entity. In the event the CFO is absent or on leave, the MD/CEO will act in this capacity. The responsibilities of this role include:

- Reviewing all statutory regulatory or tender reports submitted to or made by the Company and its controlled entity, and to report or recommend to the Board as appropriate;
- Ensuring that public announcements are made in a timely manner in accordance with an established vetting procedure to ensure that the announcements are factual and do not omit any material information;
- Ensuring before its release to the market, a final draft announcement has been circulated to the Board for review and approval by writing;
- Overseeing and coordinating the timing and disclosure of information to the ASX, analysts, brokers, shareholders, the media and public; and
- Educating directors and staff of the Company's statutory disclosure obligations and internal procedures when in the possession of price sensitive information in accordance with the strict rules on insider trading.

On a regular basis, the Company Secretary is charged with monitoring compliance with this policy. As part of that monitoring, all major announcements to the market will be reviewed for compliance with this policy.

#### **Principle 6: Respect the Rights of Security Holders**

The Company has in place a *Shareholder Communication Policy* to ensure that shareholders are provided with up to date Company information. Communication to shareholders is facilitated by the production of the annual report, quarterly reports, public announcements, and the posting of policies, and ASX announcements immediately after their disclosure to the ASX, on the Company's website and via other social media platforms. All shareholders are given the option to receive communications from, and send communications to, the Company and Share Registry electronically, including electronic voting. In addition, all shareholders are encouraged to attend the Annual General Meeting and use the opportunity to ask questions to the Board and management. The external auditor is required to attend the meeting and is available to answer questions in relation to the conduct of the audit and the auditor's report.

#### **Principle 7: Recognise and Manage Risk**

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board.

Due to the size of the Board and scale of activities, the Board has determined there are no efficiencies, at this time, of establishing a separate risk committee. It is the Board's responsibility under the Charter to review and ratify systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters.

The Company does not have a formal internal audit function, however the Board oversees the effectiveness of governance, risk management and internal control processes. Management is charged with resourcing, operating and monitoring the system of internal control, incorporating risk responses in the form of controls into its management systems and reporting results of the effectiveness of these systems to the Board.



The Company engages an insurance broking firm as part of the Board's annual assessment of the coverage of insured assets and risks. Risk management workshops are not held, but business risks will be continually assessed (at least annually) by the Board.

The reporting and control mechanisms, in the absence of an internal audit function, support the written certification at the end of the Half-Year and Full-Year reporting periods, in accordance with *Section 295A* of the *Corporations Act 2001* given by the MD/CEO and the CFO to the Board certifying that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.



## **Principle 8: Remunerate Fairly and Responsibly**

### ***Board Remuneration***

The total aggregate fixed remuneration paid to non-executive directors may not exceed the limit set by the shareholders at a general meeting (currently \$300,000). In accordance with Clause 14.7 of the Company's Constitution, remuneration may be provided in such manner that the directors decide (including by way of contribution to a superannuation fund on behalf of a director) and if any of the fees of any director is to be provided other than in cash, the directors may determine the manner in which the non-cash component of the fees is to be valued. The directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as directors.

### ***Executive Remuneration***

Due to the size of the Board and the relatively small number of employees, the Board has determined there are no efficiencies, at this time, of establishing a separate remuneration committee.

The Board has reserved the appointment, and where necessary, the replacement of the MD/CEO and other senior executives and the determination of their terms and conditions including remuneration and termination, having regard to market conditions and the performance of individuals and the Company. The Board also ensures that there is no discrimination on remuneration in respect to gender.