

## ZYL Limited (to be renamed 'Hawkstone Mining Limited')

### Corporate Governance Statement

#### Compliance with ASX Recommendations

Recommendation	ZYL Limited Current Practice
<p>1.1 A listed entity should disclose:</p> <p>(a) The respective roles and responsibilities of its board and management; and</p> <p>(b) Those matters expressly reserved to the board and those delegated to management.</p>	<p>The Company's Board Charter sets out the roles and responsibilities of the Board and Management. It is available for review at <a href="http://www.zyl-limited.com">www.zyl-limited.com</a></p>
<p>1.2 A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The Company has implemented a policy of undertaking police and bankruptcy checks on any senior employees and directors before appointment or putting to shareholders for election.</p> <p>The Company provides all relevant information on all directors in its annual report and in the notice of meeting in which a director is proposed to be elected.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.</p>	<p>The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee.</p>
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Due to the current size of the Company and with regard to its current situation, the role of the Company Secretary is undertaken by a non-executive director. Notwithstanding this, the Company Secretary is accountable directly to the other Board members in company secretarial matters.</p>
<p>1.5 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>i. The respective proportions of men and women on the board, in senior executive positions and across the whole</p>	<p>The Company has adopted a formal Diversity Policy, a summary of which is provided on page 15 of the Annual Report.</p> <p>As at 30 June 2016:</p> <ul style="list-style-type: none"><li>The Board of ZYL Limited is comprised three members, two of whom were male and one female. Due to the current position of the Company, there are no senior executives or other employees of the Company.</li></ul>

**ZYL Limited (to be renamed 'Hawkstone Mining Limited')**

**Corporate Governance Statement**

---

organisation (including how the entity has defined “senior executive” for these purposes); or

- ii. if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.

---

1.6 A listed entity should:

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

The Board Performance Evaluation Policy is available at [www.zyl-limited.com](http://www.zyl-limited.com).

During the reporting period, the Board collectively assessed their respective roles and contributions to the Company and determined they were appropriate for that point in the Company’s development.

The Board will continue to review its composition as the Company progresses and consider if additional or different members can add value to the growth of the Company and relevance of the Board.

---

1.7 A listed entity should:

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

Due to the current position of the Company, there are currently no senior executives employed. The Company will undertake period evaluations of senior executives at the appropriate stage of the Company’s development.

---

2.1 The board of a listed entity should:

- (a) Have a nomination committee which:
- i. has at least three members, a majority of whom are independent directors; and
- ii. is chaired by an independent director;
- and disclose:
- iii. the charter of the committee;
- iv. the members of the committee; and
- v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or
- (b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to

The Board considers that given the current size of the Board and the Company, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.

---

**ZYL Limited (to be renamed 'Hawkstone Mining Limited')**

**Corporate Governance Statement**

---

	ensure the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	
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>The Board Charter which is available at <a href="http://www.zyl-limited.com">www.zyl-limited.com</a> incorporates a set of skills and abilities that are desirable for the composition of the Board. The Board is satisfied that it an appropriate mix of desired skills for the current position of the Company.</p> <p>The Board will continue to review its composition as the Company progresses and consider if additional or different members can add value to the growth of the Company and relevance of the Board.</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 Company considers that Shaun Hardcastle, Oonagh Malone and Richard Pearce are independent directors.</p> <p>The Company discloses the length of service for each director in the Director's Report of its annual report.</p>
2.4	A majority of the board of a listed entity should be independent directors.	The composition of the Board is in compliance with this recommendation with all 3 directors considered to be independent.
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.	During the reporting period, the Board did not have a formal chair, however, meetings were chaired by an independent director.
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 roles as directors effectively.	<p>The Company has implemented an induction program for all new directors to appropriately familiarise them with the policies and procedures of the Company as part of its Corporate Governance plan.</p> <p>The Company encourages and facilitates all Directors to develop their skills, including with the provision of in-house seminars to maintain compliance in areas such as risk and disclosure.</p>

## ZYL Limited (to be renamed 'Hawkstone Mining Limited')

### Corporate Governance Statement

---

3.1 A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) Disclose that code or a summary of it.	The Company's Code of Conduct is available at <a href="http://www.zyl-limited.com.au">www.zyl-limited.com.au</a>
4.1 The board of a listed entity should: (a) Have an audit committee which: i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. is chaired by an independent director, who is not the chair of the board; and disclose: iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and v. 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 an audit committee, disclose the 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.	The Company does not have an audit committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfils the duties of the audit committee and abides by the adopted Audit Committee Charter (available at <a href="http://www.zyl-limited.com.au">www.zyl-limited.com.au</a> ).  The Board has adopted a formal policy regarding the appointment, removal and rotation of the Company's external auditor and audit partner.
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.	The Board receives a section 295A declaration from the consultants who act as equivalent to the CFO for each half yearly and full year report in advance of approval of these reports.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company's auditor is required to attend the Company's AGM and is available to answer questions relevant to the audit.

---

## ZYL Limited (to be renamed 'Hawkstone Mining Limited')

### Corporate Governance Statement

5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Board has adopted a formal Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules. The Policy is available at <a href="http://www.zyl-limited.com">www.zyl-limited.com</a>.</p>
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company complies with this recommendation and all relevant information can be found at <a href="http://www.zyl-limited.com">www.zyl-limited.com</a>.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company has developed a Shareholder Communications Strategy to ensure all relevant information is identified and reported accordingly.</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes. The Company has implemented an online voting system to further encourage participation by shareholders.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Company and its share registry actively encourage electronic communication. All new shareholders will be issued with a letter encouraging the registration of electronic contact methods.</p>
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"><li>i. has at least three members, a majority of whom are independent directors; and</li><li>ii. is chaired by an independent director; and disclose:</li><li>iii. the charter of the committee;</li><li>iv. the members of the committee; and</li><li>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or</li></ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Company does not have a risk committee due to the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfil the duties of the risk committee and abides by the adopted Risk Management Policy (available at <a href="http://www.zyl-limited.com">www.zyl-limited.com</a>).</p> <p>The Directors require that they are updated regularly on all financial, legal and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee.</p>

**ZYL Limited (to be renamed 'Hawkstone Mining Limited')**

**Corporate Governance Statement**

---

7.2	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.	The Board will review its risk management strategy annually.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the regular and consistent reporting in all risk areas.
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.	The risks the Company are exposed to are set out in the Company's prospectus dated 30 September 2016.
8.1	The board of a listed entity should: (a) have a remuneration committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (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>The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a remuneration committee.</p> <p>The Board will consider industry peers when evaluating the remuneration. The Board is cognisant of the fact that it wishes to attract and retain the best people, and will consider strategies other than monetary to balance the need for the best people and the financial position of the Company.</p>
8.2	A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company discloses its policies on remuneration in the Remuneration Report set out in its annual report.

---

**ZYL Limited (to be renamed 'Hawkstone Mining Limited')**

**Corporate Governance Statement**

---

<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"><li>(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</li><li>(b) disclose that policy or a summary of it.</li></ul>	<p>The Company recognises that Director, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available at <a href="http://www.zyl-limited.com">www.zyl-limited.com</a>) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.</p>
--	---

---