

## Appendix 4G

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

Name of entity

Ephraim Resources Limited

ABN/ARBN

63 008 666 233

Financial year ended

30 June 2018

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

- this URL on our website: <http://www.ephraimresources.com.au/corporate/governance/>  
 these pages of our annual report: not applicable

The Corporate Governance Statement is accurate and up to date as at 31 August 2018 and has been approved by the board. The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 31 August 2018



Sign here:

Company Secretary

Print name: Henko Vos

---

<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.

## 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b><u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u></b>			
1.1	<p>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 fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... 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):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
	<p>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 fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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>
<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>(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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</a></p> <p>... 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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" 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>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.6 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 checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<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; <b>OR</b></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):]  ... 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 this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" 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>

	Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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>
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 <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" 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>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<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
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<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
<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.	<p>... our code of conduct or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met	<p>[If the entity complies with paragraph (a):]  ... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>  ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: <a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</a>	<input checked="" 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>throughout the period and the individual attendances of the members at those meetings; <b>OR</b></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>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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 this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<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: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</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: <input checked="" type="checkbox"/> at this location: <a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
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> <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; <b>OR</b></p> <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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <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 this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
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; <b>OR</b></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 this location:</p> <p>_____</p> <p><i>Insert location here</i></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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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>	<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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<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> <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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; <b>OR</b></li> </ul> <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):]  ... the fact that we have a remuneration 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 this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.ephraimresources.com.au/corporate/governance/">http://www.ephraimresources.com.au/corporate/governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... 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 this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" 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>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<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>	<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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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>
<p>8.3 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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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>
<b><u>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES – NOT APPLICABLE TO EPHRAIM RESOURCES LIMITED</u></b>		
<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 this location:</p> <p>_____</p> <p><i>Insert location here</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 this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



# **EPHRAIM RESOURCES LTD**

ABN 63 008 666 233

## **Corporate Governance Statement**

## **INTRODUCTION**

Ephraim Resources Limited (the Company) and the Board are committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Company has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) ("Recommendations").

A copy of the Company's Corporate Governance Charter ("Charter") has been placed on the Company's website in the corporate governance section.

## **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

**Recommendation 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 functions and responsibilities of the Board compared with those delegated to management are reflective of the Recommendations and are disclosed in the Board Charter on the Company's website.

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

At the date of this report the Company did not have any employees as the Company continues to work towards its recapitalisation.

During the financial year and up to 15 June 2018 Mr Eric Ng was the Executive (or Managing) Director of the Company by virtue of being the most senior executive within the parent company. Authority was delegated to Mr Ng to ensure the effective day-to-day management of the business of the parent company and its subsidiaries. Currently the Board does not have an executive director however this position will change if the Company successfully completes its proposed acquisition of Bio-Nexus Limited (as previously announced on ASX).

**Recommendation 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 Company undertakes appropriate checks before appointing or re-appointing a person and when putting forward a candidate for election as a director. A copy of the entity's Policy and Procedure for Selection and (Re) Appointment of Directors is available on the Company's website, and is in line with the Recommendations.

**Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

The Company has entered into letters of appointment with all Directors and service contract senior executives (as applicable). Each agreement provides details normally found in such agreements, such as details of the position, remuneration and incentives provided, requirements to adhere to the Company's policies, to whom they report and circumstances of termination and any amounts payable. These contracts ensure that directors and senior executives have a clear understanding of their roles and responsibilities and of the Company's expectations of them.

**Recommendation 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 Company Secretary is appointed and removed by, and is accountable directly to, the Board.

The Company Secretary has access to all Board members and the main functions of the role are to assist in advising the Board on governance matters and monitoring compliance with board and committee procedures. The role of the Company Secretary is further summarised in the Company's Board Charter which is available on the Company's website, and are reflective of the Recommendations.

**Recommendation 1.5 – A listed entity should:**

- 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;**
- b) **disclose that policy or a summary of it, and**
- c) **disclose 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:**
  - i. **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**
  - 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.**

The Company’s Diversity Policy is set out on the Company’s website.

The Diversity Policy does not currently include specific measurable objectives as the Board believes that the Company will not be able to successfully meet these given the current size and stage of development of the Company. If the Company’s activities increase in size, nature and scope in the future, then appropriate measurable objectives will be set and put into place.

The Company recognises that the promotion of gender diversity can broaden the pool for recruitment of high quality employees, enhance employee retention and improve corporate image and reputation. The Company continued to promote its Diversity Policy throughout the organisation and all future appointments will be made after allowing for criteria set out in the Company’s Diversity Policy, which now forms an integral part of all new recruitment and selection activities.

The Company’s commitment to increasing diversity of participation in the Company is focused on:

- structuring recruitment and selection processes to recognise the value that diversity brings to the Company in recruiting the best candidate for each role;
- providing relevant and challenging professional development and training opportunities to employees;
- providing flexible work and salary arrangements to accommodate family commitments, external study, cultural traditions and other personal choices of employees; and
- having a clear and transparent governance process around reward and recognition.

At reporting date the Company had no employees in its workforce (30 June 2017: 8 employees (excluding the directors) of which none were female). The current Board comprise three non-executive directors, of which one is female.

The Company is not a ‘relevant employer’ under the Workplace Gender Equality Act 2012.

**Recommendation 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 Nomination and Remuneration Committee is charged in the terms of the Charter with Board and Board Committee membership, succession planning and performance evaluation, as well as Board member induction, education and development.

The Company has adopted policies and procedures in the Charter concerning the evaluation and development of its directors, executives and Board committees. Procedures include an induction protocol and a performance management system for the Board and its Directors.

Performance reviews of the Board, its Committees and individual Directors are currently informal and done progressively over the year and are based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may have been identified. There were no separate formal meeting of the Committee during the reporting period. This was driven by the current size of the Company and its level of operations. Matters relevant to the Committee were addressed as part of Board of Director meetings, as appropriate. The Committee anticipates it will resume formal meetings during the 2019 financial year.

The Company’s Board and Management Performance Evaluation Policy is publicly available on the Company’s website.

**Recommendation 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.**

The Nomination and Remuneration Committee is charged under the Charter with the periodic review of the job description and performance of the Managing Director and/or CEO according to agreed performance parameters.

Given the Company's level of operations during the last 15 months and the fact the Company did not have any employees for the majority of this time no formal performance evaluation process was undertaken. The Company will recommence its formal evaluation of senior executives once those positions are filled.

The Charter contains a section formally setting out the Company's Board and Management Performance Enhancement Policy.

**PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**

**Recommendation 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 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.**

The Board has established a combined Nomination and Remuneration Committee. Members of the Board's Nominations and Remuneration Committee consist of Messrs Pynt, Laforest (from 18 June 2018) and Mrs Ooi (from 18 June 2018).

The Company currently does not comply with this recommendation with only Mr Pynt considered to be an independent director. Mrs Ooi is deemed as being non-independent based on her shareholding in the Company of nearly 20%. Mr Laforest is deemed non-independent on the basis of being associated with a substantial security holder of the Company. Mr Laforest is associated with Ms Ooi, a substantial security holder of the Company, as a result of his engagement as a business advisor to Ms Ooi.

Mr Pynt is the Chairman of the Committee.

During the period 30 November 2017 to 18 June 2018 the Company did not comply with this recommendation as it did not have three members on the combined Nomination and Remuneration Committee. This followed the resignation of Mr Chan on 30 November 2017 and the Company's inability to attract a suitable candidate to fulfil the position of Board member. The Company also does not currently have a majority of independent directors.

The remit and responsibilities of the Nominations and Remuneration Committee in respect of remuneration are set out in the Committee Charter, which is publicly available on the Company's website.

There were no separate formal meeting of the Committee during the reporting period. This was driven by the current size of the Company and its level of operations. Matters relevant to the Committee were addressed as part of Board of Director meetings, as appropriate. The Committee anticipates it will resume formal meetings during the 2019 financial year.

**Recommendation 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.**

The Company recognises the importance of having an appropriate mix of expertise and experience on its Board and Committees to enable it to effectively discharge its corporate governance and oversight responsibilities. The Board accordingly seeks to achieve a balance in its structure that best reflects the needs of the Company at any particular time. Appointment to the Board will be dependent on candidates demonstrating an appropriate breadth of experience in a field of expertise that is relevant to the ongoing supervision of the Company's affairs. This diversity of experience may include a commercial, technical, legal, corporate finance, business development, manufacturing or other background as the Board and management determine as part of its selection processes.

Geographically the mix of skills extends to the international market, with a higher focus placed on operational and technical experience throughout the Asian and Australian markets.

The current Board composition addresses these desired skills, with details of each Director's skills and experience noted in the Directors Report accompanying the Annual Report. The Board continues to assess and monitor this evaluation.

The Company will re-assess the required skills and experience most suitable to its needs and anticipates that the current skills and requirements will change if it successfully completes the Bio-Nexus business acquisition.

The policy and process for the nomination, selection and appointment of new directors is available on the Company's website.

**Recommendation 2.3 – A listed entity should disclose:**

- a) the names of the directors considered by the board to be independent directors;
- 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
- c) the length of service of each director.

The names and terms of office of each person who acted as a director, and their status as executive/non-executive/independent, for the year ended 30 June 2018 were as follows (with all directors noted as continuing in office as at 30 June 2018 and still being in office at the date of the 2018 Annual Report unless indicated otherwise):

Director	Status	Appointment date	Resignation date	Length of service
Steven Pynt	Non-executive, independent	23 May 2013	n/a	5.1 years
Tang Nee Ooi	Non-executive, non-independent	18 June 2018	n/a	13 days
Tim Laforest	Non-executive, non-independent	18 June 2018	n/a	13 days
Frederick (Eric) Ng	Executive, non-independent	23 May 2013	15 June 2018	4.1 years
Andrew Chan	Non-executive, independent	22 June 2017	30 November 2018	9 days

The Company has accepted the definition of "independence" in the Recommendations in making the above assessments of independence.

Mr Pynt does not have an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations that is considered to compromise his independence. Mrs Ooi is deemed as non-independent given her substantial shareholding in the Company of nearly 20%. Mr Laforest is deemed non-independent on the basis of being associated with a substantial security holder of the Company. Mr Laforest is associated with Ms Ooi, a substantial security holder of the Company, as a result of his engagement as a business advisor to Ms Ooi.

Each director's independence status is regularly assessed against Box 2.3.

**Recommendation 2.4 –The majority of the board of a listed entity should be independent directors.**

The Board respects independence of thought and decision making as critical to effective governance and considers the current structure to be reflective of the needs of the Company at its current stage of development.

The Company does not comply with this recommendation, with only Mr Pynt considered to be an independent director.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy, a position the Company expects to change upon the successful completion of the proposed Bio-Nexus Limited acquisition.

**Recommendation 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 position of Chair is filled by Mr Steven Pynt, the Company's only independent director. Mr Pynt held this position with effect from 14 March 2014. The role of the Chairman and CEO is not exercised by the same person. The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

**Recommendation 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 Board is responsible for Board member induction, and ongoing education and development. The Company's governance policies and employment agreements empowers a director to undertake training or take independent professional advice at the expense of the Company.

**PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**

**Recommendation 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 has established a formal code of conduct in the Charter to guide the Directors, the CEO, the CFO (or equivalent) and other key executives with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. A copy of the code of conduct is publicly available on the Company's website.

#### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

##### Recommendation 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) 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
- 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.

The Board has established a combined Audit and Risk Management Committee. The Company's Audit and Risk Management Committee consists of Messrs Pynt, Laforest (from 18 June 2018) and Mrs Ooi (from 18 June 2018) and previously also Messrs Ng (to 15 June 2018) and Chan (to 30 November 2017). Mr Laforest is the current Chairman of the Committee.

Mr Pynt is a non-executive, independent directors whilst both Mr Laforest and Mrs Ooi are deemed non-executive, non-independent Directors.

The Company's Audit and Risk Management Committee has a formal charter, a copy of which is publicly available on the Company's website.

There were no separate formal meeting of the Committee during the reporting period. This was driven by the current size of the Company and its level of operations. Matters relevant to the Committee were addressed as part of Board of Director meetings, as appropriate.

The Committee anticipates it will resume formal meetings during the 2019 financial year.

The qualifications of the Directors on the Audit and Risk Management Committee appear in the Directors' Report section of the Annual Report.

The Company's Audit and Risk Management Committee charter and policies on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, are all publicly available on the Company's website.

**Recommendation 4.2 – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

Mr Ng, in his capacity as Executive Director (up to 15 June 2018) of the Ephraim Resources Limited group of companies provided the Board assurance in compliance with this Recommendation that the declaration provided in accordance with S.295A of the Corporations Act was founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to financial reporting risks. The Company received the declaration for the 30 June 2018 audited financial statements from Mr Pynt, being the longest serving director (the Company does not currently have a CEO or CFO).

**Recommendation 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 Audit Committee Charter, which is available on the Company's website, states that the Audit Committee is to ensure that the external auditor is requested to attend the annual general meeting of the Company and is available to answer questions from shareholders.

The Company's external auditor did attend the 2017 AGM. Moore Stephens, the Company's current external auditor, will be invited to attend the AGM this year and will be available to answer questions from security holders.

#### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

**Recommendation 5.1 – A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.**

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for compliance with those policies. A copy of the continuous disclosure policy is available on the Company's website.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS**

### **Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.**

The Company's website contains a separate section titled "Corporate Governance" which contains all key Corporate Governance documents including the Board and committee charters, Code of Conduct and other policies and procedures. The website also provides:

- an overview of the entity's current projects;
- copies of its annual reports and financial statements;
- copies of its announcements to ASX.

### **Recommendation 6.2 - A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

The Company has a Shareholder Communications Policy which is publicly available on the company's website, including the effective use of electronic communications.

### **Recommendation 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.**

The Board encourages the attendance of shareholders at the Shareholders' Meetings and sets the time and place of each Shareholders Meeting in advance to allow maximum attendance by shareholders.

The Company provides information in the notice of meeting that is presented in a clear, concise and effective manner. Shareholders are provided the opportunity at general meetings to ask questions in relation to each resolution before they are put to the vote and discussion is encouraged by the Board.

The Company's shareholder communication policy is publicly available on the Company's website.

### **Recommendation 6.4 – A listed entity should give shareholders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

The Company's share registry is maintained electronically by Computershare. Their contact details are disclosed in the Corporate Directory of the Annual Report as well as the Company's website.

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1 - The board of a listed entity should:**

- a) **have a committee or committees to oversee risk, each of 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework**

The Board has established a combined Audit and Risk Management Committee. Refer reporting on Recommendation 4.1 above for details of membership. Mr Laforest, one of the two non-independent directors, is the Chairman of the Committee.

The Company's Audit and Risk Management Committee has a formal charter, a copy of which is publicly available on the Company's website.

There were no separate formal meeting of the Committee during the reporting period. This was driven by the current size of the Company and its level of operations. Matters relevant to the Committee were addressed as part of Board of Director meetings, as appropriate.

The Committee anticipates it will resume formal meetings during the 2019 financial year.

**Recommendation 7.2 - The Board or a committee of the board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.**

The Board reviews, at least annually, the Company's risk management framework. The risks identified are monitored on a continual basis and preventative measures are implemented as and when deemed necessary.

**Recommendation 7.3 - A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluating the continually improving the effectiveness of its risk management and internal control processes.**

The Company does not have an internal audit function. The Board recognises that no cost effective internal control system will preclude all errors and irregularities. The Company's risk management and internal control system is based upon written procedures, policies and guidelines, an organisational structure that provides an appropriate division of responsibility, and the selection and training of qualified service providers and personnel.

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of the reporting procedures, management report to the Board on a progressive basis confirming that those risks are being managed effectively.

The Company policies are also designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company has adopted a formal policy on risk oversight and management. The Board also has established the Audit and Risk Management Committee to oversee overall risk management. Details of the Company's policy on these matters are set out under the risk management policy which is publicly available on the Company's website.

**Recommendation 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 Company has assessed its exposure to economic risk as high on the basis of its net liability position at reporting date (30 June 2018), a position that remains unchanged at the date of this statement. The Company, currently suspended from official trading on the ASX, also does not currently have sufficient funds or income to fund the execution of its planned operational activities and is reliant on a future capital raising to fund these. As part of its required recapitalisation, the Company is also evaluating other investment opportunities.

The Company is also in negotiations with a number of parties to provide additional bridging financing, which includes, but is not necessarily limited to, raising additional funds through the issue of new equity under the Company's share placement capacity.

The Company note the emphasis of matter paragraph raised by its auditor, Moore Stephens, in their audit report in relation to the Company's use of the going concern basis for preparing its 30 June 2018 financial report. The going concern basis contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Company is continuing work on securing new equity or a new investment opportunity, with the Company currently focussing on successfully completing the acquisition of Bio-nexus Limited.

The Company has no material exposure to environmental or social sustainability risks.

A copy of the Company's policies on risk oversight and management of material business risks is publicly available under the heading Risk Management Policy.

## **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

**Recommendation 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.**

The Board has established a combined Nomination and Remuneration Committee. Refer reporting on Recommendation 2.1 above for details of membership. Mr Pynt, the only independent director, is the Chairman of the Committee.

The remit and responsibilities of the Nominations and Remuneration Committee in respect of remuneration are set out in the Committee Charter, which is publicly available on the Company's website.

There were no separate formal meeting of the Committee during the reporting period. This was driven by the current size of the Company, its level of operations and its focus on securing additional funding and/or an investment opportunity during this period. Matters relevant to the Committee were addressed as part of Board of Director meetings, as appropriate.

The Committee anticipates it will resume formal meetings during the 2019 financial year.

**Recommendation 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.**

The structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives. The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company was as follows:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for statutory superannuation where appropriate).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

There were no options issued by the Company to any director or indeed any other party in the 2018 financial year.

Greater detail on the remuneration arrangements for Directors, Officers and senior executives are contained in the Remuneration Report comprised in the Directors' Report in the Company's 2018 Annual Report.

**Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should:**

- 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
- b) disclose that policy or a summary of it.

Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme. The policy is available on the Company's website.