

## Appendix 4G

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

Name of entity:

FIRST COBALT CORP

ABN / ARBN:

620 935 499

Financial year ended:

31 DECEMBER 2018

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

- ☐ These pages of our annual report:
- ☒ This URL on our website: <https://firstcobalt.com/about-us/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 28 March 2019 and has been approved by the board.

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

Date: 28 March 2019

Name of Director or Secretary authorising  
lodgement: Michael Naylor  
Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... 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): <input type="checkbox"/> at <a href="https://www.firstcobalt.com/about-us/corporate-governance/">https://www.firstcobalt.com/about-us/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><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>
2.2	<p>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>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<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
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <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.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<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 an annual general meeting and this recommendation is therefore not applicable
<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 type="checkbox"/> at [insert location]	<input checked="" 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 type="checkbox"/> at <a href="https://www.firstcobalt.com/about-us/corporate-governance/">https://www.firstcobalt.com/about-us/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 [insert location]	<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 [insert location]	<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 [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 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; or</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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <a href="https://www.firstcobalt.com/about-us/corporate-governance/">https://www.firstcobalt.com/about-us/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 [insert location]</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 [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</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 <i>[insert location]</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 <i>[insert location]</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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a 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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



# Corporate Governance Statement

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## First Cobalt Corp. (ARBN 620 935 499) (Company)

### Overview

The Company believes in the importance of a strong board of directors (**Board**) and sound corporate governance policies and practices to direct and manage its business affairs. The Company considers that good corporate governance enhances its performance, and is essential to retaining the trust of shareholders, attracting the right people to the organisation and maintaining its social license in the communities in which it operates.

### **Canadian Corporate Governance**

The Company's Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

As the Company is incorporated in the Province of British Columbia, Canada and listed on the TSX Venture Exchange (**TSX-V**) and the OTCQB tier of OTC Markets, the Board seeks to apply the corporate governance practices and procedures set out in National Policy 58-201 – *Corporate Governance Guidelines (NP 58-201)* (published by the British Columbia Securities Commission and other Canadian corporate securities regulators) where possible, having regard to the Company's size and the nature of its operations.

### **Compliance with ASX Recommendations**

The corporate governance principles and practices adopted by the Company may depart from those generally applicable to ASX-listed companies under the Corporate Governance Principles and Recommendations' (Third Edition) (**ASX Recommendations**) published by the ASX Corporate Governance Council.

This Corporate Governance Statement reports the governance processes and procedures in place at First Cobalt Corporation as at 27 March 2019 and has been approved by the board of the Company as at that date.

The Company sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practice departs from the ASX Recommendations, to the extent that they are currently applicable to the Company.

### **Corporate Governance Documents**

Copies of the Company's corporate governance mandates, policies and charters are available on its website, <https://www.firstcobalt.com/about-us/corporate-governance/>

### **Date**

This statement is current as at 27 March 2019 and has been approved by the Board.

# ASX Corporate Governance Principles and Recommendations

## 1. Principle 1: Lay a solid foundation for management and oversight – companies should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated

### 1.1 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.

#### ***Compliance with ASX Recommendation: followed***

The Company has adopted a Mandate of the Board of Directors (**Board Mandate**) which discloses the roles and responsibilities of the Board and senior management.

Under the Board Mandate, the Board is responsible for the overall operation and stewardship of the business and affairs of the Company and, in particular, is responsible for:

- approving the appointment of the Company's chief executive officer, and the other officers of the Company;
- conducting an annual review of the effectiveness of the Board, any committees appointed by the Board, and the performance of each director of the Board;
- providing leadership and setting the strategic objectives of the Company;
- succession planning (including appointing, training and monitoring senior management);
- overseeing management's implementation of the Company's strategic objectives and its performance generally;
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- overseeing the Company's environmental sustainability practices;
- ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
- monitoring the effectiveness of the Company's governance practices; and
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company.

A copy of the Board Mandate is available on the Company's website.

## 1.2 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 relevant to a decision on whether or not to elect or re-elect a director.

### ***Compliance with ASX Recommendation: followed***

All candidates for new director positions with the Company are required to complete a Personal Information Form. This form requests that the candidate disclose extensive personal information in relation to their identification, citizenship, employment history, education, involvement in any civil or criminal proceedings and any insolvency issues. The Company considers the candidate's responses set out in the form and conducts further checks and enquiries as is deemed appropriate on a case-by-case basis.

The Company does not propose to conduct specific checks prior to nominating an existing director for re-election by shareholders at a general meeting on the basis that this is not considered necessary given that each director is required to submit to the ASX 'good fame and character' assessment as part of the Company's application for admission to the official list of ASX.

As a matter of practice, the Company will include in its management proxy circulars (which accompany every notice of meeting) a brief biography and other material information in relation to each director who stands for election or re-election at the relevant meeting. Each biography will set out (amongst other things) the relevant qualifications and professional experience of the nominated director for consideration by shareholders.

## 1.3 Recommendation 1.3

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

### ***Compliance with ASX Recommendation: partially followed***

The Company enters into written consultancy agreements with its executive (non-independent) directors and other senior managers, which set out key employment terms and otherwise govern their engagement or employment by the Company.

As a matter of practice, the Company does not currently enter into written formal agreements with its non-executive (independent) directors. The key employment terms of these engagements are determined on a case-by-case basis, and these engagements are governed by applicable Canadian law.

In addition to the above, the Company enters into a formal indemnity agreement with each director upon their commencement with the Company.

## 1.4 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.

### ***Compliance with ASX Recommendation: followed***

The Company Secretary has a direct line of reporting to the Chairman and is responsible for:

- reporting directly, and being accountable, to the Board through the chairman in relation to all governance matters;
- being responsible for advising and supporting the Board members on matters of general governance including by providing guidance to the directors, as appropriate, in relation to the requirements of the Corporations Act, the Company's Constitution and the ASX Listing Rules; and
- being responsible for reviewing and updating the Company's corporate governance policies and procedures in accordance with ASX guidance.

## 1.5 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 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:
  - (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.

### ***Compliance with ASX Recommendation: not followed***

Given the Company's size and scope of operations, the Company has not adopted a formal diversity policy at this stage. There is no requirement to have such a policy under Canadian securities laws or the requirements of TSX-V.

The Company has a policy to select the best available officers and staff for each relevant position in a non-discriminatory manner based on merit.

Notwithstanding this, the Board respects and values the benefits that diversity (e.g. gender, age, ethnicity, cultural background, disability and marital/family status etc) brings in relation to expanding the Company's perspective and thereby improving corporate performance, increasing shareholder value and maximising the probability of achieving the Company's objectives.

The Board is committed to developing a diverse workplace where appointments or advancements are made on a fair and equitable basis.

## 1.6 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.

### ***Compliance with ASX Recommendation: not followed***

In accordance with the requirements of the Board Mandate, the Board undertakes annual reviews of the Board's performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, having regard to the particular credentials of the individual and the purpose of originally nominating the individual to the Board.

Given the small nature of the company and small board, the directors did not believe it was necessary to undertake formal reviews at this time. It may embark on a performance review in 2019.

## 1.7 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.

### ***Compliance with ASX Recommendation: followed***

In accordance with the requirements of the Board Mandate, the Board undertakes a review of the performance of each director on at least an annual basis, and senior management on an on-going basis.

Performance of directors and senior management is assessed against performance criteria set by the Board.

Informal reviews were undertaken with the President, CFO, and VP, Exploration during the year.



## 2. Principle 2: Structure the Board to add value – a listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively

### 2.1 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.

#### ***Compliance with ASX Recommendation: 2.1(a) not followed, 2.1(b) followed***

The Company does not have a nomination committee at this stage. The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained by establishing a separate nomination committee.

The Board currently performs the role and responsibility of a nomination committee, and in particular is responsible for:

- determining the necessary and desirable competencies of directors;
- identifying and reviewing prospective new directors;
- developing a process for the evaluation of the performance of the Board, its committees and directors; and
- the appointment and re-election of directors.

The Board considers the following factors when selecting new directors and when recommending directors to shareholders for election or re-election:

- the aim of having a majority of independent directors on the Board and of having an independent chairman;
- whether the directors as a whole have the appropriate skill base and range of expertise, experience and diversity to discharge the Board's responsibilities set out in the Board Mandate;
- that each individual director has sufficient time to meet his/her commitments as a director of

the Company;

- the duration of each existing director's tenure, noting the retirement provisions set out in the Company's Articles of Incorporation; and
- whether the size of the Board is appropriate to facilitate effective discussions and efficient decision making.

The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as the Company's operations grow and evolve.

## 2.2 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.

### ***Compliance with ASX Recommendation: not followed***

The Company does not currently have a formal skills or diversity matrix in relation to the Board members. The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations.

However, as a matter of practice, the Board requires that each director:

- possess the skills and experiences required to carry out their duties and functions; and
- demonstrate a track record of honesty, integrity, ethical behaviour, fairness and responsibility and a commitment to representing the long-term interests of the Company's shareholders.

The Board endeavours to ensure that the Board is comprised of individuals with varying backgrounds, who have (either collectively or individually) significant experience in running and managing public companies, particularly in the natural resource sector.

The Board may adopt a formal skills matrix at a later time as the Company's operations grow and evolve.

## 2.3 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.

### ***Compliance with ASX Recommendation: followed***

The Company has five directors who satisfy the criteria for "independence" as outlined in ASX Recommendation 2.3 and NP 58-201, being Paul Matysek, John Pollesel, Garrett Macdonald, Henrik Fisker, and Butch Otter

NP 58-201 provides that a director is "independent" if a reasonable person with knowledge of all the

relevant circumstances would conclude that the director has no material relationship with the Company that would reasonably be expected to interfere with the exercise of such director's independent judgment.

The Board currently comprises the following members:

- **Trent Mell – President and Chief Executive Officer**

Trent Mell has held this office since 2 March 2017.

The Board (excluding Mr Mell) does not consider Mr Mell to be independent as he is an executive employee of the Company.

- **Paul Matysek – Chairman**

Paul Matysek has held this office since 1 December 2017.

The Board (excluding Mr Matysek) considers Mr Matysek to be independent as he is free from any business or other relationship with the Company that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement as director.

- **John Pollesel – Director**

John Pollesel has held this office since 18 May 2017.

The Board (excluding Mr Pollesel) considers Mr Pollesel to be independent as he is free from any business or other relationship with the Company that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement as director.

- **Garett Macdonald – Director**

Garett Macdonald has held this office since 4 June 2018.

The Board (excluding Mr Macdonald) considers Mr Macdonald to be independent as he is free from any business or other relationship with the Company that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement as director.

- **Henrik Fisker – Director**

Henrik Fisker has held this office since 27 September 2018.

The Board (excluding Mr Fisker) considers Mr Fisker to be independent as he is free from any business or other relationship with the Company that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement as director.

- **CL “Butch” Otter – Director**

Butch Otter has held this office since 21 February 2019.

The Board (excluding Mr Otter) considers Mr Otter to be independent as he is free from any business or other relationship with the Company that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement as director.

## 2.4 Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

### ***Compliance with ASX Recommendation: followed***

The Board currently comprises a majority of independent directors (five independent directors and one non-independent director).

Refer to Recommendation 2.3 above for further information.

## 2.5 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.

### ***Compliance with ASX Recommendation: followed***

The Board considers that the chairman of the Company, Paul Matysek, satisfies the criteria for independence as outlined in ASX Recommendation 2.3 and NP 58-201.

## 2.6 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.

### ***Compliance with ASX Recommendation: not followed***

The Company does not currently have in place a formal induction program for new directors, nor a formal professional development program for existing directors. The Board does not consider that such programs are currently necessary given the size and scope of the Company's operations.

All new directors appointed to the Board are informally briefed on the Company's current property holdings, ongoing exploration programs, overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing corporate policies. The Board considers this informal induction process to be appropriate given the Company's size and current level of operations, the ongoing interaction amongst the directors and the Company's low director turn-over.

The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector. The Board actively encourages its members to communicate with management, auditors and technical consultants to ensure that they remain up to date with industry trends and developments and changes in relevant legislation.

The Board seeks to ensure that all of its members understand the Company's operations. Board members are given the opportunity to attend, on behalf of the Company and otherwise, appropriate and relevant technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and relevant technical advancements.

### 3. Principle 3: Act ethically and responsibly – a listed entity should act ethically and responsibly

#### 3.1 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.

#### ***Compliance with ASX Recommendation: followed***

The Company is committed to adhering to high standards of corporate governance, and promoting a strong ethical culture within the organisation.

Accordingly, the Company has established a Code of Business Conduct (**Code**) which sets out the standards with which all directors, officers, employees and consultants of the Company are expected to comply in relation to the affairs of the Company's business and when dealing with each other, shareholders and the broader community.

In fulfilling their duties, each director, officer, employee and consultant of the Company is expected to familiarise themselves with any laws and regulatory requirements which apply to the duties they carry out on behalf of the Company, and may seek legal advice from their supervisor or the Company's legal counsel if required.

The Code outlines the procedure for reporting any breaches of the Code and the possible disciplinary action the Company may take in respect of any breaches. The Board monitors compliance with the Code through its Audit Committee, which oversees the Company's anonymous whistle-blower program.

In accordance with the requirements of the Code, each director, officer, employee and consultant of the Company is required, on an annual basis, to complete and sign a Compliance Acknowledgement Form, certifying that he or she has received a copy of the Code, has reviewed it and is adhering to the standards of business ethics set out in the Code.

A copy of the Code is available on the Company's website.

**4. Principle 4: Safeguard integrity in corporate reporting – a listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting**

**4.1 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.

***Compliance with ASX Recommendation: followed***

The Company has established a separate Audit Committee under its Mandate of the Audit Committee (**Audit Mandate**).

The Audit Mandate sets out the purpose and functions of the Audit Committee. The purpose of the Audit Committee is to assist the Board in its oversight of:

- the Company's financial reporting process and the quality, transparency and integrity of its financial statements and other related public disclosures;
- the Company's internal controls over financial reporting;
- the Company's compliance with legal and regulatory requirements relevant to the Company's financial statements; and
- the external auditor's qualifications and independence.

The Audit Mandate requires that the Audit Committee comprise of not less than three directors, the majority of which must be independent directors. The Audit Committee currently comprises three directors: John Pollesel (independent), Garrett Macdonald (independent) and Trent Mell (non-independent).

The current chair of the Audit Committee is Mr Pollesel, an independent director.

All members of the Audit Committee are financially literate and have an understanding of the industries in which the Company operates. The relevant education and experience of each current member of the Audit Committee is set out in the Annual Information Form which was filed in December 2018.

A copy of the Audit Mandate is available on the Company's website.

## 4.2 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.

### ***Compliance with ASX Recommendation: followed***

As a foreign registered company, the Company is not required to comply with the annual financial reporting requirements of the Corporations Act. The Company is therefore not required to provide these declarations in accordance with section 295A of the Corporations Act.

However, in accordance with the requirements of Canadian securities law (National Instrument 52-109), the chief executive officer and chief financial officer of the Company are required to formally certify financial statements filed by the Company. As part of this certification process, the chief executive officer and chief financial officer are required to provide a certificate declaring that they have each reviewed the financial statements, the financial statements contain no misrepresentations and that they fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company.

## 4.3 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.

### ***Compliance with ASX Recommendation: followed***

The Company will request that a representative of its external auditor attend each annual general meeting and be available to answer any shareholder questions concerning the conduct of the audit and the preparation and content of the auditor's report.

## 5. Principle 5: Make timely and balanced disclosure – a listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

### 5.1 Recommendation 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.

***Compliance with ASX Recommendation: not followed***

The Company does not currently have any formal policies in place for compliance with the disclosure requirements of the ASX Listing Rules. However, pursuant to the Company's Code of Business Conduct, all employees (including senior management) are obligated to ensure compliance with all applicable laws, rules and regulations affecting the Company.

Canadian securities laws and the rules of the TSX-V do not impose formal policy requirements on companies for compliance with such laws and rules, but rather all public companies are expected to comply as a matter of course.

The Company is committed to meeting its disclosure obligations under the ASX Listing Rules. In accordance with the Board Mandate, the Board is responsible for:

- approving and reviewing the Company's disclosure policy and any other policies that address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the communities in which the business of the Company and its wholly-owned subsidiaries is conducted; and
- monitoring the effectiveness of the Company's continuous disclosure program with a view to satisfying itself that material information is disseminated in a timely fashion.

The Board is in the process of preparing a continuous disclosure policy to ensure compliance with the ASX disclosure regime, and proposes to implement such a policy in the future.

**6. Principle 6: Respect the rights of security holders – A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively**

**6.1 Recommendation 6.1**

A listed entity should provide information about itself and its governance to investors via its website.

***Compliance with ASX Recommendation: followed***

Information about the Company, including copies of its various corporate governance policies is available on the Company's website.

**6.2 Recommendation 6.2**

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

***Compliance with ASX Recommendation: followed***

In communicating with investors, the Company:

- complies with the continuous disclosure obligations set out in the rules of the TSX-V;
- complies with the continuous disclosure obligations applicable to Canadian reporting issuers (such as the Company) as set out in National Instrument 51-102;
- the Canadian regulations for communications with beneficial owners of securities as set out complies with in National Instrument 54-101; and



- the continuous disclosure obligations applicable to entities listed on the ASX (except to the extent that ASX has granted the Company a waiver in respect of a disclosure obligation).

### 6.3 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.

***Compliance with ASX Recommendation: followed***

The Board encourages full participation of shareholders at its general meetings, and gives formal notice of all meetings to shareholders as required under Canadian law. Shareholders who are unable to attend general meetings are encouraged to:

- lodge proxy appointments in advance of the meeting; or
- access the Company's online voting system through its securities registry, to cast their votes on the relevant resolutions in advance of the meeting.

The Company's officers and management make themselves available to address shareholder queries. Shareholders or the public may make enquires to the Company via its website, <https://firstcobalt.com/contact/>.

Shareholder queries are dealt with on an individual basis and any requested information is generally provided where possible. Significant shareholder queries are brought to the attention of management or the Board.

### 6.4 Recommendation 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.

***Compliance with ASX Recommendation: followed***

The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.

Canadian law does not permit the Company to send all types of disclosure documents to shareholders electronically, however, as a matter of practice, the Company provides shareholders with the option to receive communications from the Company electronically, wherever possible.

Existing shareholders are able to, and encouraged to:

- consent to receiving communications electronically (where permitted by law) by completing and returning a consent form which may be obtained from the Company or its securities registry; and
- subscribe to the Company's mailing list, to receive ongoing updates in relation to the Company and its operations via email.

## 7. Principle 7: Recognise and manage risk – a listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework

### 7.1 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.

**Compliance with ASX Recommendation: followed**

#### Audit Committee

In addition to the specific responsibilities of the Audit Committee set out in Recommendation 4.1 above, the Audit Committee is also responsible for reviewing the financial risks of the Company and overseeing the implementation and evaluation of appropriate risk management practices.

In carrying out this function, the Audit Committee will liaise with management in relation to how financial risks are managed, and seek opinions from management and the independent auditor in relation to the adequacy of risk mitigation strategies.

The Audit Committee currently comprises three directors, a majority of whom are independent directors. Further details of the Audit Committee are set out in Recommendation 4.1 above.

#### Board

In accordance with the Board Mandate, the Board is responsible for (amongst other things):

- overseeing the processes by which the principal risks of the Company are identified, assessed and managed; and
- ensuring that appropriate risk management systems are implemented and maintained with a view to achieving a proper balance between risks incurred and the creation of long-term sustainable value to shareholders.

In carrying out these responsibilities, the Board adopts an enterprise-wide approach to risk management, which is designed to support the achievement of organisational objectives, including strategic objectives, to improve long-term organisational performance and enhance shareholder value.

The Board considers that a fundamental part of risk management is not only understanding the risks

a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of the full Board in setting the Company's business strategy is a key part of its assessment of the Board's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

## 7.2 Recommendation 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.

### ***Compliance with ASX Recommendation: followed***

Under the Audit Mandate, the Audit Committee is responsible for (amongst other things) monitoring the Company's risk management framework and will review this framework on an annual basis to ensure that it continues to be effective.

## 7.3 Recommendation 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.

### ***Compliance with ASX Recommendation: 7.3(a) not followed, 7.3(b) followed***

The Company does not currently have an internal audit function.

Under the Audit Mandate, the Audit Committee is responsible for (amongst other things) inquiring as to the adequacy of the Company's system of internal controls and reviewing periodic reports from management regarding internal controls, which includes assessing risk with respect to financial reporting. The Audit Committee provides quarterly reports to the Board in this regard, and the Board is responsible for overseeing the processes implemented to ensure the integrity of the Company's internal control and management information systems.

The processes that the Board and Audit Committee employ for evaluating and continually improving the effectiveness of the Company's risk management and control processes are set out in Recommendation 7.1 above.

Further details of the Audit Mandate and the responsibilities of the Audit Committee are set out in Recommendation 4.1 above.

## 7.4 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.

***Compliance with ASX Recommendation: followed***

The Company's primary activity is the exploration and development of mineral assets, with a particular focus on cobalt. The Company is therefore exposed to economic, environmental and social sustainability risks.

The Company considers that the following (non-exhaustive) operational risks are inherent in the industry in which it operates, having regard to the Company's circumstances:

- fluctuations in commodity prices and exchange rates;
- accuracy of mineral reserve and resource estimates;
- reliance on licenses, permits and approvals from governmental authorities;
- ability to obtain additional financing;
- acquisition of new business opportunities; and
- changed operating, market or regulatory environments.

The Code and the Audit Mandate provide for the establishment, maintenance and evaluation of risk management systems, to manage and minimise risks to the Company.

In addition, the Company:

- adheres to the principles of the Responsible Mining Framework which defines the way that the Company will manage the economic, social, and environmental challenges of its business;
- retains the services of specialised and experienced advisors when considering a major transaction (such as a potential acquisition) and conducts due diligence enquiries in respect of the proposed transaction in an effort to minimise and mitigate risk;
- considers that its business can generate shared value for local communities, and understands that relationships based on trust and transparency are important to its success; and
- strives to avoid negative environmental and social impacts, and where impacts are unavoidable, endeavours to minimise and mitigate these impacts and the costs incurred in doing so form part of the Company's business value determination.

Please refer to the Company's website at <https://firstcobalt.com/responsibility/> for further information.

**8. Principle 8: Remunerate fairly and responsibly – companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear**

**8.1 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.

***Compliance with ASX Recommendation: 8.1(a) not followed, 8.1(b) followed***

The Company has not established a separate remuneration committee.

The role of the remuneration committee is undertaken by the full Board. The Board considers that, given its current size and that only two directors hold executive positions in the Company, efficiencies or other benefits would not be gained by establishing a separate remuneration committee.

The Company's executive compensation philosophy is based on pay for performance and prudent risk management to motivate the senior leadership to execute corporate strategy in a manner that delivers strong results for shareholders. The Company recognises the contribution that its directors and executives make to the Company and seeks to compensate them accordingly. Compensation of directors and executives is reviewed annually and determined by the Board.

The level of compensation for directors and executives is determined after consideration of various relevant factors, including:

- the expected nature and quantity of duties and responsibilities;
- past performance;
- comparison with compensation paid by other entities of comparable size and nature;
- the availability of financial resources;
- the need to align the interests of executive officers with the short-term and long-term interests of shareholders; and
- the need to compensate executives at a level and in a manner that ensures the Company is capable of attracting, motivating and retaining directors and executives of a high calibre.

To strengthen the alignment between pay and performance, a percentage of the compensation of directors and executives may be variable in nature, and paid in the form of cash bonuses and stock options pursuant to the terms of the Company's stock option plans.

The Company will set out the remuneration paid or provided to directors and executives annually in the Company's annual MD&A.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.

## 8.2 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.

### ***Compliance with ASX Recommendation: followed***

The Company's policies and practices regarding the remuneration of its directors and other senior executives will be set out in its annual MD&A.

## 8.3 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.

### ***Compliance with ASX Recommendation: followed***

The Company has in place a long term incentive plan which governs the issuance of compensation securities to directors and senior management. The plan was ratified by the shareholders of the Company on 26 October 2017.

In accordance with the Company's Insider Trading Policy, the plan does not allow participants to enter transactions that would limit their economic risk under the scheme.

The Company's Insider Trading Policy sets out the circumstances in which directors, officers, employees, consultants and contractors (**Restricted Persons**) are prohibited from dealing in the Company's Securities.

A copy of the Company's Insider Trading Policy is available on the Company's website.