



ORECORP
LIMITED

Corporate Governance Statement
2019

ABN: 24 147 917 299

Corporate Governance Statement 2019

The Board of Directors ('Board') of OreCorp Limited ('Company' or 'Group') is responsible for its corporate governance, that is, the system by which the Group is managed.

The Company currently has the following Board members:

Mr Craig Williams	Non-Executive Chairman
Mr Matthew Yates	CEO & Managing Director
Mr Alastair Morrison	Non-Executive Director
Mr Michael Klessens	Non-Executive Director
Mr Robert Rigo	Non-Executive Director

Details of the directors, including their qualifications, experience and date of appointment, are set out in the Directors' Report.

This corporate governance statement is for the year ended 30 June 2019 and is dated as at, and approved by the board on, 25 September 2019.

Principle 1: Lay solid foundations for management and oversight

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 Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By focusing on the long-term health of the Company, rather than on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Chief Executive Officer ('CEO') is responsible to the Board for the day-to-day management of the Group. Specific responsibilities may be delegated by the CEO to the senior management team.

The Board has sole responsibility for the following:

- i. determining the vision and objectives of the Company;
- ii. formulating short-term and long-term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- iii. appointing and approving the terms and conditions of the appointment of the CEO and the Chief Financial Officer ('CFO');
- iv. determining the remuneration of the Company's CEO, CFO and other Executives, including share and benefit plans;
- v. establishing and determining the powers and functions of the committees of the Board ('Committees'), including the Audit Committee;
- vi. reviewing and providing feedback on the performance of the CEO and reviewing the performance of all other officers reporting directly to the CEO;

Corporate Governance Statement 2019

- vii. reviewing the performance of the Board, individual directors and Committees;
- viii. endorsing the terms and conditions of employment of senior executives;
- ix. approving and fostering an appropriate culture for the Company that is directly aligned to its values, strategies and objectives;
- x. approving the annual budget of the Company and variations thereto;
- xi. approving major operating and capital budgets of the Company, and material variations to these budgets;
- xii. authorising expenditure approval limits for the CEO and authorising expenditure in excess of these discretionary limits;
- xiii. approving all mergers, acquisitions and disposals of projects and businesses;
- xiv. considering the reports from Committees and the recommendations made;
- xv. reviewing annually the progress and performance of the Company towards meeting its objectives;
- xvi. reviewing periodically the process, outcomes and effectiveness of the Company's decisions and strategies, and ensuring that valuable lessons are identified and absorbed into the process and framework for making future decisions;
- xvii. authorising the issue of securities and instruments of the Company;
- xviii. approving processes, procedures and internal control systems to ensure that the Company's financial results are reported on a timely and accurate basis;
- xix. approving Annual Financial Reports (and interim financial reports as may be required), Annual Reports, notices of general meetings, and profit and dividend announcements;
- xx. monitoring procedures to ensure that the Australian Securities Exchange is promptly and adequately informed of all matters considered to be material, in accordance with the continuous disclosure obligations;
- xxi. overseeing the Company's approach to corporate governance issues;
- xxii. monitoring developments in the Company's industry and general operating environment; and
- xxiii. encouraging effective communication between the Company and its shareholders, employees and the general public.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

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 criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

The Remuneration and Nomination Committee assists the Board with the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Remuneration and Nomination Committee will ensure that appropriate background checks are undertaken. Shareholders are provided with all material information in the Board's possession that is relevant to their decision on whether or

Corporate Governance Statement 2019

not to elect or re-elect a Director through a number of channels, including the Notice of Meeting, and the Director details in the Directors' Report.

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

Directors are appointed pursuant to formal agreements. The expectations for time to be committed and involvement in Committees and other activities of the Company are set out in writing.

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 works closely with the Chairman to manage the flow of information between the Board and its committees. The Company Secretary is also responsible for providing advice and support to the Board on governance-related matters. The appointment and removal of the Company Secretary is subject to Board approval and all directors have a right of access to information and advice, facilitated through the Company Secretary.

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:**
 - (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**
 - (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.**

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people.

The Company's policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

- recruit and manage on the basis of an individual's competence, qualification and performance;
- create a culture that embraces diversity and that rewards people for acting in accordance with this policy;
- appreciate and respect the unique aspects that individual brings to the workplace;
- foster an inclusive and supportive culture to enable people to develop to their full potential;
- identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
- take action to prevent and stop discrimination, bullying and harassment; and
- recognise that employees at all levels of the Company may have domestic responsibilities.

Corporate Governance Statement 2019

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

At 30 June 2019, the Company has no female directors; the Group has 22 male employees (including the CEO) and 5 female employees.

Given the current size of the Company, measurable objectives for achieving gender diversity have not been established and this is noted as a departure by the Company from the ASX Corporate Governance Recommendations.

1.6 A listed entity should:

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

The Board has a process for reviewing its performance and that of its individual directors, committees and senior management. The Board meets annually to review the outcome of this process.

The annual procedure for Board performance evaluation is to review:

- its performance against the terms of the Board Charter;
- the performance of Committees against the terms of their charters;
- the contribution of each director; and
- changes that may be required to the charter of the Board or its Committees, taking into account the developments in the Company and its business over the preceding year, and in corporate governance practices.

The Board will determine the scope and detailed procedures involved in this performance evaluation.

A performance evaluation was undertaken during the reporting period in accordance with the disclosed process.

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 Remuneration Report discloses the process for evaluating the performance of senior executives, including the CEO/Managing Director and CFO.

A performance evaluation was undertaken during the reporting period in accordance with the disclosed process.

Corporate Governance Statement 2019

Principle 2: Structure the board to add value

2.1 The board of a listed entity should:

(a) have a nomination committee which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a 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 members of the Remuneration and Nomination Committee are Messrs Klessens (Chairman), Williams and Rigo, all of whom have been assessed as being independent directors. Details of the members' attendance at meetings throughout the financial year are included in the Annual Report.

The Company's Remuneration and Nomination Committee Charter is disclosed on the Company's website.

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's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification, however all directors hold shares.

The Board considers that the Company's affairs are currently not of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be appointed.

The membership of the Board, its activities and composition are subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

Corporate Governance Statement 2019

The mix of skills comprised in the current Board, and that the Board would look to maintain, and to build on, includes:

Identified Skills	Number of Directors
African operating experience	5
Gold industry knowledge and direct experience	5
Project studies and construction	5
Mining & exploration geology	4
Risk management	3
Investor relations	3
Corporate transactions	4
Corporate governance	2
Financial literacy	3
Funding mechanisms and treasury	4

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 Board has assessed the independence status of the directors and has determined that there are four independent directors, being Messrs Williams, Morrison, Klessens and Rigo. Accordingly, a majority of the Board, and specifically the Chairman, are independent directors.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors and has adopted the following definition of “independent”:

“An Independent Director is a Director who is not a member of management, is a non-executive Director and who:

- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is not, and has not within the last three years been, employed in an executive capacity by the Company or another group member, or been a director of the Company after ceasing to hold any such employment;
- is not, and has not within the last three years been, a principal of a professional adviser to the Company or another group member or an employee significantly associated with the service provided;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the Company.”

Corporate Governance Statement 2019

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than 5% of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

None of the directors who have been determined to be independent have an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations.

Details of the directors, including their qualifications, experience and date of appointment, are set out in the Directors' Report.

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

The Board has assessed the independence status of the directors and has determined that there are four independent directors, being Messrs Williams, Morrison, Klessens and Rigo. Accordingly, a majority of the Board, and specifically the Chairman, are independent directors.

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 chair of the board is Mr Williams, who has been assessed as being an independent director and is not the Company's CEO.

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.

New directors are given informal induction information where they are briefed on the Company's vision and values, strategy, financials, and governance and risk management frameworks. Directors are also provided with opportunities to participate in ongoing professional development and training programmes to enable them to develop and maintain their skills and knowledge.

Principle 3: Act ethically and responsibly

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 Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group. A summary of the code is provided below.

Corporate Governance Statement 2019

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.
- An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Principle 4: Safeguard integrity in corporate reporting

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 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 members of the Audit Committee are Messrs Klessens (Chairman), Morrison and Williams, all of whom are non-executive directors and have been assessed as being independent directors. Details of their attendance at meetings throughout the financial year are included in the Annual Report.

Details of the directors, including their qualifications, experience and date of appointment, are set out in the Directors' Report.

The Company's Audit Committee Charter is disclosed on the Company's website.

Corporate Governance Statement 2019

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.

The Board receives a written assurance from the CEO (or equivalent) and the CFO (or equivalent) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

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 responsibilities include ensuring that the auditor partner, or his representative, must be available to attend at the annual general meeting of the Company to answer questions from shareholders through the chairman of the meeting.

Principle 5: Make timely and balanced disclosure

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.**

The Company must disclose Material Information to the market in accordance with applicable laws and stock exchange listing rules. Material Information is information that a reasonable person would expect to have a material or significant effect on the price or value of a company's securities or any development relating to the business and affairs of the Company that would reasonably be expected to have a significant influence on the decision of a person who commonly invests in securities in deciding whether or not to subscribe for, buy or sell those securities.

The Company is committed to complying with its continuous disclosure obligations to facilitate a fair and well-informed market and to ensure all its stakeholders and the investment community have timely and equal access to information provided by the Company.

The Company has adopted a Continuous Disclosure Committee Charter which sets out the policies, practices and procedures to ensure that communications to the investment community, the media and the general public by the Company are timely, accurate, complete, broadly disseminated and otherwise responsive to all applicable legal and regulatory requirements and verify the accuracy of such communications.

The Board of Directors has appointed its CFO to act as the Disclosure Officer. In the event that the CFO is absent or on leave the CEO will act in this capacity.

Corporate Governance Statement 2019

The Disclosure Officer shall:

- manage all communications with the relevant stock exchanges;
- manage disclosure of information to the financial markets; and
- oversee and co-ordinate the collection of information required in periodic reports filed with securities regulators.

The Disclosure Officer is responsible for the proper maintenance of records supporting the Company's public disclosure.

Principle 6: Respect the rights of security holders

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

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders.

Mechanisms employed include:

- Annual Financial Report;
- Half Year Financial Report;
- Announcements lodged with ASX;
- ASX Quarterly Reports; and
- Company investor presentations.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website. This is done shortly after being released by the ASX.

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

OreCorp has an investor relations program which includes:

- issuing regular written shareholder communications such as quarterly activities reporting and an Annual Report which address the Company's strategy and performance;
- sending and receiving shareholder communications electronically, both from OreCorp and its share registry;
- maintaining the Board and governance section and investor and media centre on the OreCorp website including posting all announcements immediately after they have been disclosed to the market;
- engaging in a program of scheduled interactions with institutional investors;
- promoting two-way interaction with shareholders, by supporting shareholder participation in the AGM; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

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.

OreCorp's investor relations program includes promoting two-way interaction with shareholders, by supporting shareholder participation in the AGM including encouraging shareholders to send their questions to the Company prior to the AGM and responding to their questions and feedback.

Corporate Governance Statement 2019

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.

Electronic communications with shareholders include electronic mail, the Company website, the Internet and the relevant online stock exchange announcement platforms. Wherever possible, security holders are provided with the option to communicate electronically with the Company.

Principle 7: Recognise and manage risk

7.1 The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:**
 - (1) has at least three members, a majority of whom are independent directors; and**
 - (2) is chaired by an independent director, and disclose:**
 - (3) the charter of the committee;**
 - (4) the members of the committee; and**
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.**

The members of the Risk Committee are Messrs Rigo (Chairman), Williams, Morrison and Klessens, all of whom have been assessed as being independent directors. Details of their attendance at meetings throughout the financial year are included in the Annual Report.

The Company's Risk Committee Charter is disclosed on the Company's website.

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.**

When presenting the half-year and full-year financial reports to the Audit Committee for approval, pursuant to section 295A of the *Corporations Act*, the CEO and CFO provide a formal statement to the Board to the effect that:

- the company's financial statements and notes to accounts comply with the Accounting Standards and present a true and fair view, in all material respects, of the company's financial position and performance;
- the company's financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the risk management and internal control systems are sound and operating effectively in all material respects in relation to financial reporting risks.

During the year ended 30 June 2019, a review of the Company's risk management framework has been completed.

Corporate Governance Statement 2019

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.

During 2019, the Company did not have a separate internal audit function. Under the direction of the Audit Committee, the Board as a whole reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks. In accordance with the Company's Audit Committee charter, compliance with control procedures is reviewed by the external auditor.

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 identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value. The Board has adopted overarching policies, as documented in the risk management policy, for risk management and compliance which govern the overall approach of the Company to the management of risk. These policies are designed to ensure that strategic, operational, legal, reputation, financial and business risks are identified, assessed, monitored and managed to produce better performance outcomes.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process. Risks are managed by setting appropriate levels and areas for risk retention and, where appropriate, through the use of insurance or other forms of risk mitigation or transfer, and by setting policies or procedures to cover management accounting, financial reporting, project appraisal and approval, environment, health and safety, information technology, security, compliance and other key risk areas.

In addition to the Group's Risk Management Policy, specific risk management policies addressing economic, environmental and social sustainability risks are contained in the Group's Sustainable Development Charter, Community Policy, Health and Safety Policy, and Environment Policy. The Group did not have any material exposure to these risks during 2019.

The Group has identified a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- material adverse changes to government policies or legislation;
- poor corporate or asset transaction (failure to acquire additional projects, wrong asset, inappropriately priced/financed);
- reliance on licenses, permits and approvals from governmental authorities;
- ability to obtain additional financing;
- political/civil unrest or war in country of operations;
- fluctuations in commodity prices and exchange rates;
- safety of personnel (employees and contractors);
- accuracy of ore reserve and mineral resource estimates;
- loss of key management personnel;
- project activities give rise to significant costs for environmental damage or rehabilitation; and
- other risks applicable to a Group of the same size and scale as OreCorp that is operating in the mineral resources industry, including risks relating to the acquisition of new projects and joint venture

Corporate Governance Statement 2019

opportunities. Furthermore, project development risks in relation to technical issues, legacy environmental liabilities and other issues also require consideration.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

Risk Management Roles and Responsibilities

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resources business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within its Code of Ethics and Conduct.

Principle 8: Remunerate fairly and responsibly

8.1 The board of a listed entity should:

(a) have a remuneration committee which:

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director, and disclose:**
- (3) the charter of the committee;**
- (4) the members of the committee; and**
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a 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 members of the Remuneration and Nomination Committee are Messrs Klessens (Chairman), Williams and Rigo, all of whom have been assessed as being independent directors. Details of the members' attendance at meetings throughout the financial year are included in the Annual Report.

Details of the directors, including their qualifications, experience and date of appointment, are set out in the Directors' Report.

The Company's Remuneration and Nomination Committee Charter is disclosed on the Company's website.

Corporate Governance Statement 2019

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 Company established a remuneration and nomination committee in April 2013. The role of the Committee is to review and make recommendations to the Board in respect of the following remuneration matters:

- i. executive remuneration policy;
- ii. remuneration (including performance measures and targets) of the CEO, any other executive director, the CFO and all senior executives reporting directly to the CEO;
- iii. executive incentive/bonus and equity-based incentive plans;
- iv. remuneration of non-executive directors;
- v. any superannuation arrangements or retirement benefits;
- vi. the recruitment, retention, performance measurement and termination policies (including termination payments) and procedures for non-executive directors, the CEO, any other executive director, the CFO and all senior executives reporting directly to the CEO;
- vii. the disclosure of remuneration in the Company's public filings;
- viii. the processes and criteria for evaluating the performance of the CEO and reviewing the CEO's assessment of all senior executives reporting directly to CEO; and
- ix. the processes and criteria for the evaluation of the Board as a whole, committees of the Board and individual directors.

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Incentive Options may be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be sought when required. Further details of the remuneration of the Company's Non-Executive Directors is included in the (audited) Remuneration Report.

Executive remuneration consists of fixed remuneration, being base salaries, as well as employer contributions to superannuation funds and other non-cash benefits, plus performance-based remuneration. Further details of the performance-based remuneration of the Company's executives are included in the (audited) Remuneration Report.

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.**

Subsequent to approval by shareholders at a General Meeting held on 22 June 2016, the Company has adopted an option plan for employees and contractors ('Option Plan').

The Company has issued, and intends to continue to issue, options pursuant to the Option Plan in order to attract and retain the services of its key employees and to provide an incentive linked to the performance of the Group. The Option Plan will be administered by the Directors.

As a result of the adoption of the Option Plan, the Company has updated its Securities Trading Policy to reflect its prohibition on participants entering into transactions for unvested entitlements which limit the economic risk of participating in the scheme. The policy is as follows:

Corporate Governance Statement 2019

Entitlements under the Company's equity-based incentive plans may be subject to the satisfaction of various time and/or performance hurdles to ensure alignment of employee rewards with the Company's objectives and performance. Transactions which 'hedge' the value of entitlements could distort the proper functioning of these hurdles and reduce the intended alignment with shareholder interests.

Employees and Designated Persons participating in an equity-based incentive plan are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in Company Securities.

COMPLIANCE WITH AND DEPARTURES FROM ASX CORPORATE GOVERNANCE RECOMMENDATIONS

During the 2019 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Ref	Notification of Departure	Explanation for Departure
1.5	A policy concerning gender diversity has not been established	As at the date of this statement, the Group had 27 employees (30 June 2018: 27), of which 5 were female (30 June 2018: 5). The Company currently has no female executives or directors. The Board's policy is to employ the best candidate for a specific position, regardless of gender, and considers that the Company is not currently of a size to justify a policy regarding diversity and objectives regarding gender diversity.

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

The Company's Corporate Governance Statement is available on the Company's website: www.orecorp.com.au