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# Corporate Governance Statement

## **Corporate Governance Statement**

This Corporate Governance Statement is current as at 22 August 2019 and was reviewed and approved by the Board of Directors on that date.

On behalf of the directors



**TOM SANDERS**  
**Executive Chairman**

Perth, 22 August 2019

## Introduction

In fulfilling its obligations and responsibilities to various stakeholders, the board of directors (**Board**) of Breaker Resources NL (**Company**) advocates the adoption of and adherence to a framework of rules, relationships, systems and processes by which authority is exercised and controlled within the Company. The Board supports a system of corporate governance to ensure that the management of the Company is conducted in a manner which is directed at achieving the Company's objectives in a proper and ethical manner.

The goals of the corporate governance process are to:

- ✦ maintain and increase shareholder value;
- ✦ ensure a prudential and ethical basis for the Company's conduct and activities; and
- ✦ ensure compliance with the Company's legal and regulatory objectives.

The Company's corporate governance manual, incorporating the various charters, policies and procedures which define the Company's corporate governance structure, is reviewed annually by the Board. In addition, the Board considers on an ongoing basis how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors. Such information must be sufficient to enable the directors to determine operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that gold exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

## ASX Recommendations

The Board has agreed that for so long as it is admitted to the official list of the ASX it shall abide by the ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**), where applicable. The Board may from time to time determine to depart from the ASX Recommendations in certain particulars having regard to the circumstances of the Company, including its size, stage of development and other material factors.

The third edition of the ASX Recommendations was released in March 2014. The table overleaf lists each of the ASX Recommendations and whether the Company is in compliance and was so for the 2018/19 reporting period. Where the Company considers that it is divergent from the ASX Recommendations, or that it is not practical to comply, there is an explanation of the Company's reasons provided.

## Further Information

This Corporate Governance Statement and further information about the Company's governance practices is set out on its website at <http://www.breakerresources.com.au/company/corporate-governance>.

Principle	Comment
<b>1. Lay solid foundations for management and oversight</b>	
1.1 A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Company's Corporate Governance Manual (<b>CGM</b>) includes a board charter (disclosed on the website) which outlines the specific responsibilities of the directors. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director (or equivalent – ie. Executive Chairman).</li> <li>✓</li> </ul>
1.2 A listed entity should: <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(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.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Three directors were appointed before the Company listed on the ASX in 2012, prior to which time thorough checks were completed. Linton Putland commenced as a director in August 2018 and appropriate checks were undertaken before he was appointed to the Board.</li> <li>✓ A profile of each director is included in the Annual Report and in any notice of meeting where a director is standing for re-election.</li> </ul>
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<ul style="list-style-type: none"> <li>✓ The Company has a written agreement in place with each director and senior executive which sets out the term of their appointment. Any material variations to written agreements with directors are disclosed to the ASX.</li> </ul>
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.	<ul style="list-style-type: none"> <li>✓ The company secretary reports directly to the Executive Chairman and communicates with all directors on a regular basis.</li> </ul>
1.5 A listed entity should: <ul style="list-style-type: none"> <li>(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;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(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:</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Company's CGM includes a diversity policy (disclosed on the website) which has the objective of providing a fair and equitable workplace, free from discrimination related to age, gender, ethnic, cultural or other personal factors, in which diversity enhances the Company's performance and shareholder value.</li> <li>✓</li> <li>✓ The establishment of measurable diversity objectives is considered annually by the Board. Given the Company's small size, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more</li> </ul>

Principle	Comment
(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.	<p>employees, the Company will continue to review this policy and amend as appropriate.</p> <p>The nomination committee annually reviews and reports to the Board as to the proportion of female employees in the Company. As at 30 June 2019, 17.6% of all employees and 33% of senior executives were female. There are no female directors on the Board.</p> <p><i>Note: Senior executives are defined as the company's key management personnel, excluding the non-executive directors.</i></p>
1.6 A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>Both the board and nomination committee charters (disclosed on the website) include a section on performance evaluation practices adopted by the Company. The chairman and/or nomination committee may review the performance of the Board, its committees and individual directors to ensure that the Company continues to have the mix of skills and experience necessary for the conduct of its activities.</p> <p>No formal performance evaluation of the Board, its committees and individual directors has taken place to date however an informal discussion was undertaken by the nomination committee.</p>
1.7 A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>The Company does not currently have in place a formal process for periodically evaluating the performance of its senior executives. It is intended that once the scale and scope of the Company's operations increases, such a process will be implemented.</p> <p>No formal performance evaluation of the senior executives has taken place to date.</p>
<b>2. Structure the Board to add value</b>	
2.1 The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which:               <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director;</li> </ul> </li> </ul> and disclose:	<p>A nomination committee is in place and currently comprises Linton Putland, Mark Edwards and Tom Sanders, the majority of whom are independent directors. The chairman of the committee is Linton Putland (an independent non-executive director). A copy of the committee charter is available on the website, together with the policy for the selection of directors.</p>

Principle	Comment
(iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	n/a During the reporting period, the nomination committee met on one (1) occasion (August 2018). The three (3) members on the committee at the time (committee composition was amended in November 2018) were present.
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 does not utilise a formal matrix however the skills, experience and expertise of each director are set out in the Directors' Report contained within the Annual Report and reviewed annually by the nomination committee. The Board charter (disclosed on the website) provides background to the Board composition.
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.	✓ n/a The Board comprises four (4) directors, of whom two (2) are independent (Mark Edwards and Linton Putland) and neither of whom have any interest, position, association or relationship of the type described in Box 2.3. Tom Sanders, Mark Edwards and Mike Kitney were appointed in July 2010. Linton Putland was appointed in August 2018. ✓
2.4 A majority of the board of a listed entity should be independent directors.	✘ Two (2) of the Company's four (4) directors are independent.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	✘ The chairman is currently a non-independent director (Tom Sanders). Given the Company's current nature and size, the Board believes that the existing structure is acceptable. It is the Company's intention to comply with this Recommendation at a time when warranted by the size of the Company and its activities.

Principle	Comment
	<p>The role of chairman and chief executive officer is currently exercised by the same individual. The Company will appoint an independent director to assume the role of chairman when the chairman is unable to act in that capacity as a result of a lack of independence.</p>
<p>2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>✓ The nomination committee reviews the skills and experience of the directors and ascertains any shortcomings and development opportunities; it also oversees any induction and ongoing education requirements.</p>
<p><b>3 Promote ethical and responsible decision making</b></p>	
<p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>A code of conduct is incorporated within the Company's CGM and is available on the website. The code provides a framework for decisions and actions promoting ethical conduct in employment.</p> <p>✓</p> <p>✓</p>
<p><b>4 Safeguard integrity in financial reporting</b></p>	
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard</p>	<p>✓ The Company's audit committee currently comprises Mark Edwards, Mike Kitney and Linton Putland, all of whom are non-executive directors and two (2) of whom are independent.</p> <p>The chairman of the audit committee is Mark Edwards who is an independent non-executive director and not the chairman of the Company. The audit committee charter is disclosed on the Company's website whilst the qualifications and experience of the members are outlined in the directors' profiles in the Directors' Report contained within the Annual Report.</p> <p>During the reporting period, the audit committee met on two occasions (August 2018 and March 2019) and all three (3) members of the Committee at the time (Committee composition was amended in November 2018) were present on both occasions.</p> <p>n/a</p>

Principle	Comment
<p>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>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>✓ <small>(half &amp; full year reports)</small></p> <p>The Company's chief executive officer (or equivalent) and chief financial officer (or equivalent) have provided the Board with the appropriate assurances in relation to full year and half year statutory financial reports during the reporting period. The Company's quarterly cashflow reports (Appendix 5B) are reviewed by the Board prior to their release however a formal declaration is not sought.</p>
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>✓</p> <p>The Company's external auditor is invited to, and attends, the annual general meeting. The auditor's presence is made known to shareholders during the meeting and the opportunity provided to ask questions.</p>
<p><b>5 Make timely and balanced disclosure</b></p>	
<p>5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>A continuous disclosure policy is incorporated within the Company's CGM and is available on the website.</p> <p>✓</p> <p>✓</p>
<p><b>6 Respect the rights of security holders</b></p>	
<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>✓</p> <p>The Company's website <a href="http://www.breakerresources.com.au">www.breakerresources.com.au</a> provides information on the Company including its background, objectives, projects and contact details. The corporate governance page provides access to documents such as the board and committee charters, securities trading policy and diversity policy.</p>



Principle	Comment
<p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> <p>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.</p> <p>6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.</p>	<p>ASX announcements, company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated at least quarterly.</p> <p>✓ A shareholder communication policy is incorporated within the Company's CGM and is available on the website.</p> <p>✓ The Board encourages the attendance of shareholders at shareholders' meetings and sets the time and place of each meeting to promote maximum attendance by shareholders.</p> <p>✓ The Company welcomes electronic communication from its shareholders via the publicised email address <a href="mailto:breaker@breakerresources.com.au">breaker@breakerresources.com.au</a>. In addition, details of ASX announcements and company reports are distributed to interested parties via email as well as being uploaded to the website.</p> <p>The Company's share registry also engages with shareholders electronically and makes available a range of relevant forms on its website.</p>
<p><b>7 Recognise and manage risk</b></p>	
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director;</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p>	<p>✓ <small>(except (i) &amp; (ii))</small></p> <p>The Company has established a risk committee which is responsible for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control. A copy of the risk committee charter is available on the Company's website, together with the Company's risk management policy.</p> <p>The committee currently comprises Tom Sanders, Mike Kitney and Linton Putland, of whom one (1) is an independent director. The chairman of the committee is Tom Sanders (a non-independent director).</p> <p>The committee met on two occasions (November 2018 and June 2019) during the reporting period and both meetings were attended by all of the committee members.</p>

Principle	Comment
(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.	n/a
7.2 The board or a committee of the board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	The Company's risk management policy provides a framework for the risk management and internal control system and both the policy and the risk management framework are reviewed annually by the risk committee (completed June 2019). In addition, senior executives are responsible for the establishment and maintenance of a risk register (which is reviewed twice-yearly – completed November 2018 and June 2019) and of reporting to the committee as to the effectiveness of the Company's management of its material business risks.  ✓  ✓
7.3 A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(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.</li> </ul>	n/a  ✓  The Company does not have a formal internal audit function however the audit and risk committees oversee the effectiveness of risk management and internal control processes. Risk management is also a standing item at each Board meeting.
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	✓  The Company does not currently have any material exposure to economic, environmental and social sustainability risks. A number of environmental studies were undertaken at the Lake Roe Project during the period and no significant issues were identified.
<b>8 Remunerate fairly and responsibly</b>	
8.1 The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a remuneration committee which:               <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director; and disclose:</li> <li>(iii) the charter of the committee;</li> </ul> </li> </ul>	✓  (except (iii))  A remuneration committee is in place and comprises Mike Kitney, Mark Edwards and Linton Putland, all of whom are non-executive directors and a majority of whom are independent directors. The chairman of the committee is Mike Kitney (a non-independent director). A copy of the remuneration committee charter is available on the Company's website.

Principle	Comment
(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.	During the reporting period, the remuneration committee met formally on one (1) occasion (March 2019). All committee members were present.
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.	n/a  ✓ The structure of non-executive director remuneration is clearly distinguishable from that of executive directors and other senior executives. A copy of the Company's remuneration policy is available on the website.  The remuneration packages applicable to directors are detailed in the Remuneration Report which forms part of the Directors' Report in the Annual 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.	Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity-based remuneration scheme.  ✓  ✓