
Corporate Governance Statement

OVERVIEW

The Board of Directors (**Board**) of Consolidated Zinc Limited (**the Company**) is responsible for the overall corporate governance of the Company, and is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the Australian Securities Exchange (ASX) Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations (4th Edition)* (**the Principles and Recommendations**).

In line with the above, the Board has set out the way forward for the Company in its implementation of the Principles and Recommendations. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the Principles and Recommendations. Where the Company has not adhered to the Principles and Recommendations it has stated that fact in this Corporate Governance Statement. This statement is current as at 31 March 2020.

The Company's corporate governance policies are as follows and are all available on the Company's website at www.consolidatedzinc.com.au

- Board Charter
- Procedures for Selection and Appointment of Directors
- Code of Conduct
- Securities Trading Policy
- Audit Committee Charter
- Continuous Disclosure Policy
- Shareholders Communications Policy
- Risk Management and Internal Compliance and Control
- Performance Evaluation Practices
- Remuneration Committee Charter
- Nomination Committee Charter
- Whistleblower Protection Policy

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight			
<u>Recommendation 1.1</u> 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.	Yes	Board Charter, Code of Conduct and Website	<p>The Company has adopted a Board Charter, which discloses the specific responsibilities of the Board.</p> <p>The Board is responsible for, and has the authority, to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.</p> <p>The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders.</p> <p>The specific responsibilities of the Board include:</p> <ul style="list-style-type: none"> • appointment, evaluation, rewarding and if necessary, the removal of the Managing Director (or equivalent), and Chief Financial Officer (or equivalent) and the Company Secretary; • in conjunction with management, development of corporate objectives, strategy and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities; • establishing appropriate levels of delegation to the Managing Director to allow him to manage the business efficiently; • monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company; • monitoring the performance of senior management including the implementation of strategy, and ensuring appropriate resources are available; • via management, an appreciation of areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks; • overseeing the management of safety, occupational health and environmental matters; • satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under

			<p>review;</p> <ul style="list-style-type: none"> • satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately; • to ensure that appropriate internal and external audit arrangements are in place and operating effectively; • having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and • reporting to shareholders. <p>The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities.</p> <p>The Board's role and the Company's corporate governance practices are currently being reviewed and improved.</p> <p>Full details of the roles and responsibilities of the Board are contained in the Board Charter.</p>
<p><u>Recommendation 1.2</u></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	Procedures for Selection and Appointment of Directors and Website	<p>Directors of the Company (Directors) are appointed based on the specific governance skills required by the Company. Over time the Board shall work towards ensuring, collectively, it has the appropriate range and expertise to properly fulfil its responsibilities, including:</p> <ul style="list-style-type: none"> • accounting and legal; • business development and risk management; • industry and public company experience; and • an appropriate ratio and skills matrix for executive and non-executive directors. <p>In respect of any future Directors, the Company will continue to conduct specific and appropriate checks of candidates prior to their appointment or nomination for election by shareholders. However, the Company does not propose to conduct these checks prior to nominating an existing Director for re-election by shareholders at a general meeting on the basis that it is not considered appropriate in the Company's circumstances.</p> <p>Currently, the Company includes in its notice of meetings a brief biography which sets out</p>

			relevant qualifications and professional experience, of each Director who stands for election or re-election, for consideration by shareholders.
<u>Recommendation 1.3</u> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Kept at registered office	The Company seeks to engage or employ its Directors and other senior management under written agreements setting out key terms and otherwise governing their engagement or employment by the Company. Mr Marwood, Mr Boda and Mr Italiano are employed pursuant to written agreements with the Company and Mr Richards and Ms Pankhurst are engaged under a letter of appointment.
<u>Recommendation 1.4</u> 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.	Yes	Board Charter And Website	The Company Secretary reports directly, and is accountable, to the Board through the Chairman in relation to all governance matters. Full details of the Board's and Company Secretary's roles and responsibilities are contained in the Board Charter.
<u>Recommendation 1.5</u> 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	No		The Board is currently developing a diversity policy for adoption. Once adopted the Company will be in a position to disclose the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. The Company is committed to workplace diversity and recognises the benefits arising from employee and board diversity, including a broader pool of high-quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company currently has 3 Directors, 1 of which is a woman. It's total number of employees, and consequently any measurable diversity ratio, has been changing over the last 18 months since the start of production and operations optimisation. Gender ratios will be presented next year.

<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> <ol style="list-style-type: none"> 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. 			
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p>	<p>Yes – 1.6(a) No – 1.6(b)</p>	<p>Performance Evaluation Practices Procedures</p>	<p>Whilst it is the policy of the Board to conduct evaluation of its performance through its Performance Evaluation Practices Procedures, the Company does not have in place a formal process for evaluation of the Board, its committees and individual Directors.</p>

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.			The small size, and composition, of the Board have made the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of senior management, Directors and the Board as a whole. No formal performance evaluation was conducted during the year.
<u>Recommendation 1.7</u> 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.	Yes – 1.7(a) No – 1.7(b)	Performance Evaluation Practices Procedures	<p>Whilst it is the policy of the Board to conduct evaluation of its performance through its Performance Evaluation Practices Procedures, the Company does not have in place a formal process for evaluation of its senior executives.</p> <p>Given the Company's size, the establishment of a formal performance evaluation strategy was not necessary. As with evaluation of Directors, performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of senior management. No formal performance evaluation was conducted during the year.</p>
Principle 2: Structure the board to add value			
<u>Recommendation 2.1</u> The board of a listed entity should: (a) have a nomination committee which: <ol style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose: the charter of the committee; the members of the committee; and as at the end of each 	Yes – 2.1(b) No – 2.1(a)	Nomination Committee Charter and Website	<p>Given the present size of the Company, the whole Board acts as the Nomination Committee.</p> <p>The Board believes no efficiencies or other benefits could be gained by establishing a separate Nomination Committee. To assist the Board to fulfill its function as the Nomination Committee, the Board has adopted a Nomination Committee Charter. The principle function of the Committee include:</p> <ul style="list-style-type: none"> review the composition of the Board and ensure that the Board has an appropriate mix of skills and experience to properly fulfil its responsibilities and make recommendations regarding appointments, retirements and terms of office of directors; and ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance. <p>As a matter of practice, candidates for the office of Director are individually assessed by the Board before appointment or nomination to ensure they possess the relevant skills, experience,</p>

<p>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>personal attributes and capability to devote the necessary time and commitment to the role.</p> <p>The Board intends to review the requirement for a separate nomination committee as the Company's operations expand in size and complexity.</p>
<p><u>Recommendation 2.2</u></p> <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>	Yes		<p>The Company has developed a Board Skills Matrix. Key areas of skills include: strategic, mining exploration and development, operating in foreign jurisdictions, legal, funding, communication, inter-personal, analytical, accounting, ASX/ASIC, occupational health and safety, education sector, media, shareholder liaison and board experience. The Company has reviewed the skill set of its Board to determine any relevant gaps in skills shortages.</p> <p>The Company will continue to fill skills gaps, through professional development initiatives and through Board appointments, when necessary.</p>
<p><u>Recommendation 2.3</u></p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the</p>	Yes		<p>The Company has one Director who satisfies the criteria for independence as outlined in Box 2.3 of the Principles and Recommendations.</p> <p>The Board currently comprises the following members:</p> <p>(a) Mr Andrew Richards (appointed 20 January 2015) commenced as Non-Executive Chairman of the Company from 1 January 2020. The Board does not consider Mr Richards to be independent as he was an Executive Director up to 31 December 2019, involved in day-to-day management and provides professional services to the Company.</p>

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.			<p>(b) Mr Brad Marwood (appointed 4 February 2019) is the Managing Director of the Company. The Board does not consider Mr Marwood to be independent as he is an executive, involved in day-to-day management and provides professional services to the Company.</p> <p>(c) Ms Angela Pankhurst (appointed 1 August 2018) is Non-Executive Director of the Company. The Board considers Ms Pankhurst to be an independent director.</p>
<u>Recommendation 2.4</u> A majority of the board of a listed entity should be independent directors.	No		<p>Presently, the Board does not comprise a majority of “independent directors”.</p> <p>There is only one Director who currently satisfies the definition of independence for the purposes of Principle and Recommendation 2.3.</p> <p>The Board considers that given the size and scope of the group at present, that it has the relevant experience on the Board and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders, strategically and operationally.</p> <p>However, the Board does review this position periodically and will review the requirement for, and benefits of, additional independent Directors as the Company’s operations expand in size and complexity.</p>
<u>Recommendation 2.5</u> 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.	No		<p>The roles of Chairman and Managing Director/CEO are performed by different persons.</p> <p>The Chairperson of the Company is Mr Andrew Richards but he is not independent as he does not satisfy the definition of independence for the purposes of Principle and Recommendation 2.3.</p>
<u>Recommendation 2.6</u>	No		<p>The Company does not currently have a formal induction program for new Directors nor does it have a professional development program for existing Directors. The Board does not consider it necessary to have a formal induction program given the current size and scope of operations. However, the Board intends to review the requirement for, and benefits of, a</p>

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>formal induction program and professional development program as the Company expands in size and complexity.</p> <p>Directors do attend, either through the Company or for their own professional development, seminars, industry conferences, technical reading and research, to maintain and develop their knowledge.</p>
Principle 3: Act ethically and responsibly			
<u>Recommendation 3.1</u> A listed entity should articulate and disclose its values.	No		The Company does not currently have a formal statement of values and will develop this during the year.
<u>Recommendation 3.2</u> A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	Yes	Code of Conduct and Website	<p>The Company has adopted a Code of Conduct that aims to encourage the appropriate standards of conduct and behaviour of the directors, officers, employees and contractors (collectively called the employees) of the Company.</p> <p>Employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.</p> <p>The Company is committed to the highest level of integrity and ethical standards in all business practices.</p> <p>The purpose of the Code of Conduct is to provide a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.</p> <p>A breach of the Code is subject to disciplinary action which may include punishment under legislation and/or termination of employment. The Code of Conduct is available on the Company's website at www.consolidatedzinc.com.au</p>
<u>Recommendation 3.4</u> A listed entity should:	No		The Company does not currently have a formal anti-bribery and corruption policy this during the year, however, the principals of anti-bribery and corruption are included in the company's code of conduct. In all contracts a formal anti-bribery and corruption clause is included.

<p>(c) have and disclose an anti-bribery and corruption policy; and</p> <p>(d) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>			
Principle 4: Safeguard integrity in corporate reporting			
<p><u>Recommendation 4.1</u> The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> 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 	<p>Yes – 4.1(b)</p> <p>No – 4.1(a)</p>	<p>Audit Committee Charter and Website</p>	<p>Given the present size of the Company, the whole Board acts as the Audit Committee.</p> <p>The Board believes no efficiencies or other benefits could be gained by establishing a separate Audit and Risk Committee. To assist the Board to fulfill its function as the Audit Committee, the Board has adopted an Audit Committee Charter and is chaired by the independent Director when it is acting as the Audit Committee.</p> <p>The Board has charged the Chief Financial Officer and Company Secretary with preparing the annual and half yearly reports. These reports are independently audited. The Chief Financial Officer and Company Secretary also prepares the Company's quarterly financial and operational reports.</p> <p>All Company reports are reviewed by the Board, who are given the opportunity to question and consider the information contained in the reports, before they are finalised.</p> <p>The Audit Committee Charter provides recommendations in relation to the initial appointment of the external auditor and the appointment of a new external auditor should a vacancy arise. Any appointment of a new external auditor made by the Board must be ratified by shareholders at the next annual general meeting of the Company.</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>Proposed external auditors must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. In addition, the successful candidate for external auditor must have arrangements in place for the rotation of the lead audit engagement partner on a regular basis. Other than these mandatory criteria, the Board may select an external auditor based on other criteria relevant to the Company such as references, cost and any other matters deemed relevant by the Board.</p> <p>A formal Audit Committee Charter has been adopted, a copy of which is available on the Company's website at www.consolidatedzinc.com.au</p> <p>As the Company's operations expand in size and complexity, the Board will reconsider the appropriateness of forming a separate audit and risk committee.</p>
<p><u>Recommendation 4.2</u></p>	<p>Yes</p>	<p>Kept at registered office</p>	<p>The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Managing Director/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.			
<u>Recommendation 4.3</u> A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditors	Yes	Shareholders Communication Policy	In accordance with the Company's internal control processes, any shareholder report or communication is reviewed and approved by the Board before release to shareholders. Financial information released in any shareholder report or communication is prepared based on quarterly consolidated financial statements prepared in accordance with AIFRS.
Principle 5: Make timely and balanced disclosure			
<u>Recommendation 5.1</u> 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.	Yes	Continuous Disclosure Policy and Website	<p>The Company is a "disclosing entity" pursuant to section 111AR of the Corporations Act 2001 and, as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act.</p> <p>As such, the Company has a Continuous Disclosure Policy. The purpose of this Continuous Disclosure Policy is to ensure the Company complies with continuous disclosure requirements arising from legislation and the Listing Rules of the ASX. The Policy sets out the procedure for:</p> <ul style="list-style-type: none"> protecting confidential information from unauthorised disclosure; identifying material price sensitive information and reporting it to the Company Secretary for review;

			<ul style="list-style-type: none"> ensuring the Company achieves best practice in complying with its continuous disclosure obligations under legislation and the Listing Rules; and ensuring the Company and individual officers do not contravene legislation or the Listing Rules. <p>The Company has obligations under the Corporations Act 2001 and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material mistake or misinformation in the market. The Company discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report).</p> <p>The Company recognises that the maintenance of confidentiality is also of paramount importance to the Company both to protect its trade secrets and to prevent any false market for the Company's shares from developing.</p> <p>All relevant information provided to ASX in compliance with the continuous disclosure requirements of legislation and the Listing Rules is promptly posted on the Company's web site www.consolidatedzinc.com.au</p>
<u>Recommendation 5.2</u> A listed entity should ensure that its board receives copies of all material market announces promptly after they have been made.	Yes		<p>The policy of the company is that all material market announces are reviewed and approved by the Board prior to release of any market announcement.</p> <p>The company provides copies of all market announcements once it has been released to the market.</p>
<u>Recommendation 5.3</u> A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX market announcements platform ahead of the presentation.	Yes		<p>The company in compliance with its continuous disclosure and shareholder communications policy releases all new and substantive presentation materials to the ASX market announcements platform ahead of the presentation of the materials.</p>
Principle 6: Respect the rights of security holders			
<u>Recommendation 6.1</u> A listed entity should provide information about itself and its	Yes	Shareholders Communication Policy	<p>Information on the Company's Corporate Governance, including copies of its various corporate governance policies and charters, is available on the Company's website.</p>

governance to investors via its website.			
<u>Recommendation 6.2</u> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	Shareholders Communication Policy	<p>The Company has a Shareholder Communications Policy that promotes effective communication with shareholders and encourages presentation of information to shareholders in a clear, concise and effective manner. The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to Shareholders through the annual report, half yearly report, quarterly reports, disclosures and announcements made to the ASX, the annual general meeting and general meetings and through the Company's website.</p> <p>The Shareholder Communications Policy is available on the Company's website at www.consolidatedzinc.com.au</p>
<u>Recommendation 6.3</u> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholders Communication Policy	<p>In accordance with the Company's Shareholder Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, which will be reviewed regularly to encourage the highest level of shareholder participation.</p> <p>The Company encourages shareholders to attend general meetings. In preparing for general meetings, the Company will draft the notice of meetings and related explanatory information so that they provide all of the information that is relevant to the shareholders in making decisions on matters to be voted on by them at the meeting. Information will be presented in a clear, concise and effective manner.</p>
<u>Recommendation 6.4</u> A listed entity shall ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes		In accordance with the principal of "one security one vote" the chairperson of a meeting of the Company's security holders will ensure that substantive resolutions are voted on by a poll.
<u>Recommendation 6.5</u> A listed entity should give security holders the option to receive	Yes	Shareholders Communication Policy	The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.

communications from and send communications to, the entity and its security registry electronically.			Shareholders can register with the Company's Registrar to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the annual, half yearly and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.
Principle 7: Recognise and manage risk			
<u>Recommendation 7.1</u> The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: <ol style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose: the charter of the committee; the members of the committee; and 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	Yes – 7.1(b) No – 7.1(a)		<p>The Company does not have a separate Risk Management Committee.</p> <p>The role of the Risk Management Committee is undertaken by the full Board. The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. To assist the Board to fulfill its function as the Risk Management Committee, the Board has adopted a Risk Management and Internal Compliance and Control Policy and is chaired by the independent Director when it is acting as the Risk Management Committee.</p> <p>The Company's Risk Management and Internal Compliance and Control Policy is available on the Company's website at www.consolidatedzinc.com.au which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to management.</p> <p>The Board delegates responsibility for implementing the risk management system to the Managing Director who submits particular matters to the Board for its approval or review. The CEO is required to report to the Board on the management of risk.</p> <p>The Board monitors risk through various arrangements including:</p> <ul style="list-style-type: none"> regular review of operations regular review of financial performance and position regular Board meetings; share price monitoring; and market monitoring.

framework.			<p>The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and regularly report back to the Board.</p> <p>The Board will regularly review assessments of the effectiveness of risk management and internal compliance and control.</p> <p>The Company has developed a Risk Register in order to assist with the risk management of the Company.</p>
<p><u>Recommendation 7.2</u></p> <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>	No		<p>As the majority of Directors were executives during the year, the Board has not required a formal report regarding material risks and whether those risks are managed effectively. The Board believes that the Group is currently effectively communicating its significant and material risks to the Board to justify the implementation of a more formal system of identifying, assessing, monitoring and managing risk in the Company.</p> <p>As the Company's operations expand in size and complexity, the Board will reconsider the need for a more formal system of identifying, assessing, monitoring and managing risk in the Company.</p>
<p><u>Recommendation 7.3</u></p> <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>Yes – 7.3(b)</p> <p>No – 7.3(a)</p>		<p>The Company does not currently have an internal audit function. This function is undertaken by the full Board.</p> <p>The Company has adopted procedures which are set out in its Risk Management and Internal Compliance and Control Policy as follows:</p> <p>(a) establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;</p> <p>(b) continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;</p> <p>(c) formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and</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>(d) monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.</p> <p>Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:</p> <ul style="list-style-type: none"> (a) effectiveness and efficiency in the use of the Company's resources; (b) compliance with applicable laws and regulations; and (c) preparation of reliable published financial information. <p>Management is charged with evaluating and considering improvements to the Company's risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations.</p> <p>As the Company's operations expand in size and complexity, the Board will reconsider the appropriateness of creating an internal audit function.</p>
<p><u>Recommendation 7.4</u> A listed entity should disclose whether it has any material exposure to environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>		<p>The Company's primary operation is mining and mineral exploration. It is subject to various environmental and social sustainability risks, which may be materially impact the Company's ability to operate and to generate value for shareholders which has been encompassed in a Risk Matrix. These include:</p> <ul style="list-style-type: none"> (a) Title risks – All exploration leases held either by the Company or through its subsidiaries are subject to renewal. There is a risk that title may not be renewed. (b) Environmental risks – The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance an environmental laws.

			<p>(c) Climate change – the company's operations do not have any material risks from climate change factors relating to water availability and quality, food risks or extreme temperatures (the operation is located in the Chihuahuan Desert which is generally hot in summer and cooler in winter periods). Power is provided by diesel power due to the geographic location of the mine not located near the local grid power supply and there is no current policy framework in Mexico that would affect the company's operations in a transition to a low carbon economy.</p> <p>The Company has adopted the Risk Management and Internal Compliance and Control Policy and other procedures to identify, mitigate and manage these risks and other risks identified going forward. These policies are updated from time to time as the Board considers appropriate in the circumstances for the management of the Company's risk profile.</p>
Principle 8: Remunerate fairly and responsibly			
<p><u>Recommendation 8.1</u> The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> 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 	<p>Yes – 8.1(b)</p> <p>No – 8.1(a)</p>		<p>The Company has not established a separate remuneration committee and does not have a formal remuneration policy in place.</p> <p>Given the present size of the Company, the whole Board carries out the duties that would ordinarily be assigned to the Remuneration Committee. The Board believes no efficiencies or other benefits could be gained by establishing a separate Remuneration Committee. To assist the Board to fulfill its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter and is chaired by the independent Director when it is acting as the Remuneration Committee. The Remuneration Committee Charter is available on the Company's website at www.consolidatedzinc.com.au</p> <p>Remuneration of Directors and Key Management Personnel is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. The Board will devote times on an annual basis to discuss the level and composition of remuneration for the Directors and Key Management Personnel and will ensure such remuneration is appropriate and not excessive. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report in the Annual Report. The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.</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>Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. This limit is currently set at \$250,000. There are no termination or retirement benefits for non-executive Directors (other than superannuation). Non-executive Directors may be offered options as part of their remuneration, subject to shareholder approval.</p> <p>Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.</p>
<p><u>Recommendation 8.2</u> 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>	Yes		<p>The Company's policies and procedures regarding the remuneration of Executive and Non-Executive Directors and other Key Management Personnel is contained with the Remuneration Report which is within the Company's Annual Report for each financial year.</p>
<p><u>Recommendation 8.3</u> 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.</p>	No		<p>Whilst the Company's Securities Trading Policy sets out the circumstances in which the Company's directors, executives, employees, contractors, consultants and advisors are prohibited from dealing in the Company's securities, there is no specific policy guidance on whether participants in an equity-based remuneration scheme are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>The Securities Trading Policy is available on www.consolidatedzinc.com.au</p>