

Corporate Governance Statement

Date: 25 September 2020

ASX Code: MAN

Directors

Patrick Burke
Non-Executive Chairman

James Allchurch
Managing Director

Ben Phillips
Non-Executive Director

Lloyd Flint
Company Secretary

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Please find attached the Corporate Governance Statement of Mandrake Resources Limited adopted by the board of directors.

The release of the statement is authorized by the board of directors.

Lloyd Flint
Company Secretary
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About Mandrake Resources

Mandrake is a junior exploration company established with the purpose of exploring and developing gold, nickel, copper and PGM opportunities. The Company recently entered into an agreement to earn-in to exploration tenure prospective for Ni/Cu/PGMs in the exciting Jimperding Metamorphic Belt, 70km NE of Perth.

Mandrake also owns a mineral exploration project located in the prolific Pine Creek Orogen of the Northern Territory prospective for gold, silver and base metals.

For further information visit www.mandrakeresources.com.au

This Corporate Governance Statement is current as at 21 September 2020 and has been approved by the Board of Mandrake Resources Ltd ("Mandrake" or "the Company").

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations 3rd Edition (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company was in suspension from 9 June 2016 and was reinstated to quotation to the Official List on the ASX from commencement of trading on Wednesday, 14 August 2019.

The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and available on the Company's website at www.mandrakeresources.com.au

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

Recommendation 1.1

A listed entity should disclose:

- a. the respective roles and responsibilities of its board and management; and
- b. those matters expressly reserved to the board and those delegated to management.

Compliance with ASX Recommendation: followed

Roles of the Board & Management

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

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. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance.
- Appointment, and where necessary, the replacement, of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination.
- Approving the Company's remuneration framework.
- Monitoring the timeliness and effectiveness of reporting to Shareholders.
- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters.
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures.
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored.
- Approving the annual, half yearly and quarterly accounts.
- Approving significant changes to the organisational structure.
- Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends.
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable).
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
 - i. Corporate Code of Conduct;
 - ii. Performance Evaluation Policy;
 - iii. Continuous Disclosure Policy;

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- iv. Risk Management Policy;
 - v. Trading Policy;
 - vi. Diversity Policy; and
 - vii. Shareholder Communications Strategy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of Mandrake. The Managing Director is responsible for the day-to-day operations, financial performance and administration of Mandrake within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Plan on the Company's website at <https://www.mandrakeresources.com.au/about-us/corporate-governance>.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Board Committees

The Board currently considers that the Company is not of a size, nor are its affairs of such complexity to justify the formation of separate committees including audit and risk, remuneration or nomination committees, preferring at this stage of the Company's development to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit and risk, remuneration and nomination committees.

If the Company's activities increase in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if considered appropriate.

Recommendation 1.2

A listed entity should:

- a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- b. provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.

Compliance with ASX Recommendation: partly followed

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a Director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of Director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

Recommendation 1.3

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

Compliance with ASX Recommendation: followed

The terms of the appointment of a Non-Executive Director, executive Directors and senior executives are agreed upon and set out in writing at the time of appointment.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Compliance with ASX Recommendation: followed

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Recommendation 1.5

A listed entity should:

- a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- b. disclose that policy or a summary of it; and
- c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
- d. 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
- e. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

Compliance with ASX Recommendation: not followed

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board currently considers that due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 0%
- Women in senior management positions 0%
- Women on the Board 0%

The Company's Diversity Policy is available within the Corporate Governance Plan on the Company's website at www.mandrakeresources.com.au.

Recommendation 1.6

A listed entity should:

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

Compliance with ASX Recommendation: followed

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparing the performance of the Board with the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- examination of the Board's interaction with management;
- the nature of information provided to the Board by management;
- management's performance in assisting the Board to meet its objective; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and

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- suitability to Board structure and composition.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators. The Performance Evaluation policy is contained within the Corporate Governance Plan on the Company's website at www.mandrakeresources.com.au

Recommendation 1.7

A listed entity should:

- have and disclose a process for periodically evaluating the performance of its senior executives; and
- disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Compliance with ASX Recommendation: partly followed

The Managing Director has yet to conduct an annual performance assessment of senior executives against agreed key performance indicators. There are no senior executives to evaluate currently.

Given the fact the Company was only reinstated in August 2019, no formal appraisal of the Board or any senior executive has been conducted.

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

Recommendation 2.1

The board of a listed entity should:

- have a nomination committee which:
 - 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
- if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

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

Board Composition

The full Board performs the function of the nomination committee. During the financial year and to the date of this report the Board was comprised of the following members:

Mr Patrick Burke	Non-Executive Chairman (appointed 4 August 2019);
Mr James Allchurch	Managing Director (appointed 4 August 2019);
Mr Graham Durtanovich	Non-Executive Director (appointed 2 June 2017);
Mr Ben Phillips	Non-Executive Director (appointed 18 April 2018);
Mr Peter Wall	Non-Executive Chairman (appointed 2 June 2017: ceased 5 August 2019);

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern Mandrake. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of Directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process. The Nomination Committee is contained within the Corporate Governance Plan on the Company's website at www.mandrakeresources.com.au

Mandrake has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Compliance with ASX Recommendation: not followed

The Board is yet to establish a Board Skills Matrix. The Board Skills Matrix will include the following areas of knowledge and expertise:

- strategic expertise;
- specific industry knowledge;
- accounting and finance;
- risk management;
- experience with financial markets; and
- investor relations.

Each of the directors' experience and qualifications are listed in the annual report.

Recommendation 2.3

A listed entity should disclose:

- a. the names of the directors considered by the board to be independent directors;
- b. if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- c. the length of service of each director.

Compliance with ASX Recommendation: followed

The Board is comprised of a majority of Non-Executive Directors with all being considered independent.

The Board does not consider Mr Allchurch to be independent as he is an Executive Director of the Company.

Recommendation 2.4

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

Compliance with ASX Recommendation: followed

The Board is comprised of a majority of Non-Executive Directors with all being considered independent.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Compliance with ASX Recommendation: followed

The Chairman of the board is non-executive and considered to be independent.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Compliance with ASX Recommendation: followed

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

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

Recommendation 3.1

A listed entity should:

- a. have a code of conduct for its directors, senior executives and employees; and
- b. disclose that code or a summary of it.

Compliance with ASX Recommendation: followed

The Company has implemented a Code of Conduct, which provides 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. The Code of Conduct is contained within the Corporate Governance Plan on the Company's website at <https://www.mandrakeresources.com.au/about-us/corporate-governance>.

All employees and Directors are expected to:

- behave honestly and with integrity and report other employees who are behaving dishonestly;
- carry out your work with integrity and to a high standard and in particular, commit to the Company's policy of producing quality goods and services;
- operate within the law at all times;
- act in the best interests of the Company;
- follow the policies of the Company; and
- act in an appropriate business-like manner when representing the Company in public forums.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman. 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 – a listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting**Recommendation 4.1**

The board of a listed entity should:

- a. have an audit committee which:
 - i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - ii. is chaired by an independent director, who is not the chair of the board,
- and disclose:
- iii. the charter of the committee;
 - iv. the relevant qualifications and experience of the members of the committee; and
 - v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Compliance with ASX Recommendation: 4.1(a) not followed, 4.1(b) followed

The Board as a whole fulfills the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter at <https://www.mandrakeresources.com.au/about-us/corporate-governance>

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board will receive regular reports from management and from its external auditors. It also meets with the external auditors as and when required.

The external auditors attend Mandrake's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of

a sound system of risk management and internal control which is operating effectively.

Compliance with ASX Recommendation: followed

Managing Director and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its Managing Director and CFO (or, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act 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.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Compliance with ASX Recommendation: followed

In accordance with the Company's Shareholder Communications Policy, the Company requests that its external auditor attends each Annual General Meeting of the Company and is available to answer questions from shareholders in relation to the conduct of the audit and the preparation and content of the auditor's report

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

Recommendation 5.1

A listed entity should:

- a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b. disclose that policy or a summary of it.

Compliance with ASX Recommendation: followed

The Company has a Continuous Disclosure Policy at <https://www.mandrakeresources.com.au/about-us/corporate-governance> which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Managing Director are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Managing Director and the Company Secretary are responsible for ensuring that:

- Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

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

Recommendation 6.1

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

Compliance with ASX Recommendation: followed

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

Recommendation 6.2

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

communication with investors.

Compliance with ASX Recommendation: followed

Shareholders may elect to, and are encouraged to, receive communications from Mandrake and Mandrake's securities registry electronically. The contact details for the registry are accessible from the "Contact Us" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Compliance with ASX Recommendation: followed

In accordance with the Shareholder Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation. As a matter of practice, in its notices of meeting, the Company encourages those shareholders who cannot attend general meetings in person to appoint proxies on their behalf. The Company's Shareholder Communications Policy sets out the Company's procedures in relation to shareholder participation.

Mechanisms for encouraging and facilitating shareholder participation will be reviewed regularly to encourage the highest level of shareholder participation.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Compliance with ASX Recommendation: followed

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and provides an online enquiry tool for shareholders to make enquiries of the Company. These contact details are available on the "Contact Us" page of the Company's website.

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

Recommendation 7.1

The board of a listed entity should:

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

Compliance with ASX Recommendation: 7.1(a) not followed, 7.1(b) followed

The Board is committed to the identification, assessment and management of risk throughout Mandrake's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. Mandrake has established policies for the oversight and management of material business risks.

Recommendation 7.2

The board or a committee of the board should:

- a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b. disclose, in relation to each reporting period, whether such a review has taken place.

Compliance with ASX Recommendation: followed in part

Mandrake's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

Mandrake believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, Mandrake is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

Mandrake accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather Mandrake's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring the Company does not enter into unnecessary risks or enter into risks unknowingly.

Mandrake assesses its risks on a residual basis; that is, it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, Mandrake applies varying levels of management plans.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring 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 those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board will review the Company's risk management framework at least annually to ensure that it continues to effectively manage risk. The review was last done forming part of the prospectus work on re-compliance for re-quotation on the ASX. A review of that framework provided for no material changes in the then stated risks. The Covid-19 pandemic has however been identified as a material risk. The Company has continued its operational activities at the respective projects during the current Covid-19 pandemic. There has been limited risk with regard to the safety of its personnel to date. The Company anticipates that it will be in a position to continue planned operations for the foreseeable future. There is a risk that operational activities might be affected or delayed by reason of requirements for the health and safety of personnel in relation to Covid-19. Any prolonged delay to the resumption of operational activities might have a material adverse effect on the Company

Management reports to the Board as to the effectiveness of Mandrake's management of its material business risks at regular intervals to the Board. The Risk Management Policy is contained in the Governance Plan at <https://www.mandrakeresources.com.au/about-us/corporate-governance>.

Recommendation 7.3

A listed entity should disclose:

- a. if it has an internal audit function, how the function is structured and what role it performs; or
- b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

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

The Company does not currently have an internal audit function. This function is undertaken by the full Board and Company Secretary.

The Company has adopted internal control procedures which include the following:

- (a) Line managers approve each invoice to be paid by the Company. The Managing Director and the Chairman give final approval of each invoice before payment is made.
- (c) The Company's tenement manager (currently a 3rd party for segregation of tasks) report to the Managing Director on the status of the Company's mining tenements and associated interests to ensure that all interests are in good standing.

The Managing Director is charged with evaluating and considering improvements to the Company's risk management and internal control processes on an ongoing basis.

The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's

operations and that only one Director holds an executive position in the Company. As the Company's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Compliance with ASX Recommendation: followed

The Board has required management to design and implement a risk management and internal compliance and control system to manage Mandrake's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

Principle 8: A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation 8.1

The board of a listed entity should:

- a. have a remuneration committee which:
 - i. has at least three members, a majority of whom are independent directors; and
 - ii. is chaired by an independent director,

and disclose:

- iii. the charter of the committee;
 - iv. the members of the committee; and
 - v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

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

The Board as a whole fulfills the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

Mandrake has implemented a Remuneration Policy which was designed to recognise the competitive environment within which Mandrake operates and also emphasise the requirement to attract and retain high caliber talent in order to achieve sustained improvement in Mandrake's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Mandrake.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

Mandrake's executive remuneration policies and structures and details of remuneration paid to Directors and key management personnel (where applicable) are set out in the Remuneration Report. The Remuneration Committee Charter is contained in the

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Compliance with ASX Recommendation: followed

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

Mandrake's executive remuneration policies and structures and details of remuneration paid to Directors and key management personnel (where applicable) are set out in the Remuneration Report. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive Directors and other senior executives (where appointed) may be remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

Recommendation 8.3

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

- a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b. disclose that policy or a summary of it.

Compliance with ASX Recommendation: followed

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

The Company has yet to adopt an Employee Incentive Scheme (EIS).

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' report.