

ASX Release

Thursday 10 December 2015

ASX: ACB

CORPORATE GOVERNANCE STATEMENT

Please find attached a copy of A-Cap's Corporate Governance Statement.

For and on behalf of the board of
A-Cap Resources Limited



NICHOLAS YEAK
Company Secretary

CORPORATE GOVERNANCE STATEMENT

This Statement reflects A-Cap Resources Limited's corporate governance policies and practices as at 30 June 2015 and which were in place throughout the year.

The Board's philosophy is to adopt practices that are consistent with the best practice recommendations of the ASX Corporate Governance Council and in the best interests of the Company. The governance practices are reviewed regularly.

A description of the Company's main corporate governance practices is set out below.

Principle 1: Lay solid foundations for management and oversight

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board's responsibilities include:

- Leadership of the organisation
- Strategy formulation
- Overseeing planning activities
- Shareholder liaison
- Monitoring compliance and risk management
- Company finances
- Human resources
- Remuneration policy

The Board has delegated the responsibility for management of the Company to the CEO and senior management who implement the Board's strategies and compliance activities. The Board constantly monitors the performance of the CEO and senior management in their undertaking of these duties.

The Board is responsible for evaluating its performance and that of individual Directors and key executives and in doing so may engage independent external advisors if thought appropriate to do so. The Company has not established a formal process to evaluate the performance of the Board, its committees and individual Directors, however the performance of the Board, the Directors, officers and employees is monitored on a regular basis by the Board, with appropriate feedback and necessary training given to those parties.

Prior to appointing a Director or executive, or putting forward to security holders a candidate for election or re-election, the Company undertakes an internal due diligence process to ensure the candidate is of good fame and character. Qualifications and experience are carefully considered in the context of the overall organisation, with appropriate background and reference checks undertaken. The Company ensure that all material information for the election / re-election of Directors is provided to security holders in order for them to make an informed decision.

The terms of service agreements of Directors and senior executives are agreed and set out in writing, with disclosures made to the market in line with ASX Listing Rules for material terms of service agreements.

The Board has not formalised a Diversity Policy due to the size of the Company, however the Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. The Consolidated Group currently employs five women (34 employees) full time and one part-time. No women currently hold a position on the Board or in a senior management position.

Principle 2: Structure the Board to add value

There is currently one Director on the Board at present that is 'Independent', being Mr Harry Stacpoole. The number of independent Directors on the Board is likely to increase as the Company develops and the Board believes that it can attract appropriate independent Directors with the necessary industry experience. The Chairman of the Company is a non-executive Director and major shareholder, and is not the same person as the CEO.

Where any Director has material personal interest in a matter and, in accordance with the *Corporations Act 2001*, the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement aims to ensure that the interest of shareholders, as a whole, is pursued and that their interest or the Director's independence is not adversely affected.

The Company does not have a Nomination Committee because the Board considers that selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process.

The Company does not have a formal process for inducting new Directors, however all new Directors are provided a comprehensive brief on the operations and compliance requirements of the Company by the Deputy Chairman and Company Secretary.

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties, and being of value to the Company. The Company does not have a formal board skills matrix in place.

The names of the Directors, and their qualifications and experience are stated under the Directors Information section of the Financial Report with the term of office held by each Director stated on the A-Cap website (www.a-cap.com.au).

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the full Board.

Principle 3: Promote Ethical and Responsible Decision-Making

Due to the size of the Company and the resources available to it, the Board does not consider that a formal Code of Conduct for Directors and other key executives is appropriate. Rather, it is agreed by the Board that all officers of the Company will act ethically and in the best interests of the Company.

The Company has a Securities Trading Policy that regulates the dealings by Directors, officers and employees, in shares, options and other securities issued by the Company.

Under the Company's Securities Trading Policy, an Executive, including a Director, Company Secretary, or employee (and any employee of any subsidiary) must not trade in any securities of the Company at any time when they are in possession of unpublished price sensitive information in relation to those securities or the Company's operations.

Before commencing to trade, an executive must first obtain the approval of the Board to purchase (including the exercise of any options) or sell any securities of the Company.

The policy has been formulated to ensure that Directors, officers, employees and consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in company securities while in possession of unpublished price-sensitive information.

Principle 4: Safeguard Integrity in Financial Reporting

The Chief Executive Officer and Company Secretary provide written declarations to the Board confirming that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and in accordance with the relevant accounting standards.

The Company's Audit Committee during the financial year comprised of the following Directors:

Paul Anthony Ingram (Chairman)
Robert James Pett *
Henry James Stacpoole

- Mr Pett resigned as a Director of the Company on the 11th June 2015. Following the end of the financial year, The Board of Directors subsequently appointed Mr John Fisher-Stamp to the Audit Committee, at the same time taking over the Audit Committee Chair from Mr Paul Ingram.

The auditors of the Company, William Buck Audit (Vic) Pty Ltd, are invited to the AGM to answer any questions related to the audit of the financial statements of the Company, in line with the requirements of the *Corporations Act 2001*.

Principle 5: Make Timely and Balanced Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the Australian Securities Exchange ("ASX") as well as communicating with the ASX. In accordance with the ASX's 'Listing Rules' the Company immediately notifies the ASX of information concerning the Company:

1. That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and
2. That would, or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Due to the size of the Company, it achieves compliance with ASX 'Listing Rules' disclosure requirements without the need for formal policies and procedures, however there are specific processes followed by the Board and officers with regard to ensuring the Company complies with its disclosure requirements.

Principle 6: Respect the Rights of Shareholders

Due to the size of the Company, it does not have a formal policy regarding the promotion of effective communications with shareholders and encouraging their participation at general meetings, the Company respects the rights of its Shareholders, and to facilitate the effective exercise of those rights, the Company is committed to:

1. Communicating effectively with shareholders through ongoing releases to the market via the ASX, and the general meetings of the Company;
2. Giving shareholders ready access to balanced and understandable information about the Company and Corporate Proposals;
3. Making it easy for shareholders to participate in general meetings of the Company and providing appropriate notice periods and disclosure for general meetings; and
4. Requesting the External Auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report.

Principle 7: Recognise and Manage Risk

The Company has not established formal policies for the oversight and management of material business risks or has an internal audit function. Due to the size of the Company and the size of the Board, the Board monitors all key areas of the Company's risk management on an ongoing basis and keeps shareholders informed of any changes in the risk profile of the Company.

The Board has delegated the responsibility of designing risk management and internal control systems to the CEO and senior management who manage the Company's material business risks and report to the Board on the effectiveness of those systems.

The Board seeks assurance from the CEO and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks and discloses accordingly.

The Company's takes its compliance with economic, environmental and social sustainability with the utmost care and attention. An Environmental and Social Impact Assessment has been completed for the Company's main project. In parallel the Company is involved in many community health initiatives and continues to engage with the local communities in our operating environment, including participation

in the village management committee meetings. The Company employs local employees as a priority and seeks to ensure the communities reap the economic benefits of the operating environments natural assets.

Principle 8: Remunerate Fairly and Responsibly

Due to the size of the Company, it has not established a Remuneration Committee and it currently uses independent external consultants to determine the level and components of remuneration for the Directors. The Company has two employees. The remuneration paid to executive Directors and senior executives is distinguished from that paid to non-executive Directors.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive Directors. Non-executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior shareholder approval. Current remuneration details are disclosed in the Directors' Report.