

Emperor Range Group Limited

ABN 19 161 234 395

Corporate Governance Statement For the Year Ended 31 December 2015

Emperor Range Group Limited

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Emperor Range Group Ltd and its controlled entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ('the ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Further information on the Group's corporate governance policies and practices can be found on the Company's website at www.ergau.com/Statements_and_Policies.html.

Principle 1: Lay solid foundations for management and oversight

Functions of the Board and Management

The Board of Directors is responsible for the corporate governance of the Group and operates in accordance with the principles set out in its Charter, which is available in the corporate governance section of The Group's website. To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. These responsibilities include:

- Setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved.
- Appointing and, where appropriate, removing the Chief Executive Officer ('CEO'), approving other key executive appointments and planning for executive succession.
- Overseeing and evaluating the performance of the CEO and the executive team through a formal performance appraisal process having regard to the Group's business strategies and objectives.
- Monitoring compliance with legal, regulatory and occupational health and safety requirements and standards.
- Overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level.
- Approving the Group's budgets, including operational and capital budgets, and the approval of significant acquisitions, expenditures or divestitures.
- Approval of the annual and half-yearly financial reports.
- Ensuring the market and shareholders are fully informed of material developments.

The responsibility for the operation and administration of the Group is delegated by the Board to the Chief Executive Officer ('CEO') and the executive management team. The Board ensures that both the Managing Director and executive team, including the CEO, are appropriately qualified and experienced to discharge their responsibilities and, as discussed above, has in place procedures to monitor and assess their performance. The terms of engagement or appointment for each director and senior executives and set out in accordance with their respective written agreements with the Company.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following sub-committees:

- Audit and Risk Committee.
- Nomination and Remuneration Committee.

Sub-committees are able to focus on a particular responsibility and provide informed feedback to the Board. Each of these sub-committees have established Charters and operating procedures in place, which are reviewed on a regular basis. The Board may also establish other sub-committees from time to time to deal with issues of special importance.

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Corporate Governance Statement (Continued)

Senior Executive performance evaluation

The Board and its Committees are reviewing its senior executive performance evaluation process and will establish policies to meet the requirements of a listed public company.

Principle 2: Structure the Board to add value

Board composition

The names of the members of the Board as at the date of this report are as follows:

- Mr Yuhon Chen - Executive Chairman and Managing Director
- Mr Pierre Lau - Independent Non-Executive Director
- Ms Sherry Tao Xue - Non-Executive Director
- Mr Min Yu - Non-Executive Director
- Mr Chien-Chih Kao - Non-Executive Director

The Board's composition is aimed to meet the following criteria:

- A majority of independent non-executive directors.
- A majority of directors having extensive experience in the industries that the Group operates in, with those that do not, having extensive experience in significant aspects of financial reporting and risk management in large ASX listed companies.
- Re-election of directors at least every three years (except for the Managing Director).
- The size of the board is appropriate to facilitate effective discussion and efficient decision making.
- There are a sufficient number of directors to serve on Board sub-committees without overburdening the directors of making it difficult for the directors to effectively discharge their responsibilities.

Currently, the board comprises of a majority of non-executive directors but not a majority of independent directors. Despite not being strictly in compliance with the Principles and Recommendations, the combined experience and skills of the current directors are considered necessary and therefore appropriate at this point in time. Nevertheless, the importance of the independent makeup of the Board is recognised which the Company will aim to comply with,

With regards to director independence, the Board has adopted specific principles which state that an independent director must not be a member of management and must comply with the following criteria:

- Not, within the last three years, have been employed in an executive capacity by the Company or any other member of the Group.
- Not be a substantial shareholder or be associated either directly or indirectly with a substantial shareholder.
- Not, within the last three years, has been a professional advisor to the Group either as a principal, or material consultant, or an employee materially associated with the service provided.
- Are not a material supplier or customer of the Group or associated either directly or indirectly with a material supplier or customer of the Group.
- Have no material contractual relationship with any entity within the Group other than in the capacity as a director.

The Board undertakes an annual review of the extent to which each non-executive director is independent, having regard to the criteria set out in its Charter. As part of this review, each director is required to make an annual declaration stating their compliance with the independence criteria to the Board.

Individual details of the Directors, including period in office, Board committee memberships, qualifications, experience and skills are set out in the information on Directors section of the Directors' Report.

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Corporate Governance Statement (Continued)

Board skills and experience

Our objective is to have an appropriate mix of expertise and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below.

Expertise	Experience
<ul style="list-style-type: none">• Resource exploration and mining• Financial Knowledge And Experience• Legal, Governance And Compliance• Strategy• Commercial Acumen• Risk Management• Health And Safety• Sustainability• Remuneration And Nominations• Government Relations• Executive Leadership	<p>Industry</p> <ul style="list-style-type: none">• Resource exploration and mining <p>Market</p> <ul style="list-style-type: none">• Gold and copper and precious metals <p>Geographic</p> <ul style="list-style-type: none">• China• Asia• Australia

Role of the Chairman

The Board Charter states that it is desirable that the Chairman is an independent director. The Board does not consider the Chair Mr Yuhan Chen to be an independent director as he is the Executive Chairman and Managing Director, and is also a majority shareholder. However the Board is of the opinion that Mr Chen is the most appropriate person to act as Chair given his knowledge and experience.

The Chairman is responsible for the leadership of the Board. This includes taking responsibility for ensuring that the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX with regard to communicating the operations and activities of the Group to shareholders. The Chairman's responsibilities are set out in the Board Charter and include:

- Setting the agenda for Board meetings
- Managing the conduct, frequency and length of Board meetings to ensure that all directors have had the opportunity to establish a detailed understanding of the issues affecting the Group.
- Facilitating the Board meetings to ensure effective communication between the directors and that all directors have contributed to the decision making process thereby leading to a considered decision being made in the best interest of the Group and its shareholders.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the appointment and induction process for directors and the selection, appointment and succession planning process of the Group's Managing Director and Chief Executive Officer. A copy of the Committee's Charter is available on the Company's website at www.ergau.com/Statements_and_Policies.html.

When a vacancy exists or there is a need for a particular skill, the Committee, in consultation with the Board, determines the selection criteria that will be applied. The Committee will then identify suitable candidates, with assistance from an external consultant if required, and will assist the Board in interviewing and assessing the selected candidates.

Directors are initially appointed to office by the Board and must stand for re-election at the Group's next annual general meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the Managing Director and Chief Executive Officer.

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Corporate Governance Statement (Continued)

The Nomination and Remuneration Committee comprises of Mr Min Yu (Chairman), Mr Yuhan Chen and Ms Tao Xue, being a majority of non-executive directors. The Board considers the composition of the Nomination and Remuneration Committee to be appropriate for the Company's current purposes, despite not being strictly in compliance with the ASX Principles. Details of attendance at Nomination and Remuneration Committee meetings are set out in the Meetings of Directors section of the Directors' Report.

Directors' performance evaluation

The Board undertakes an assessment of its collective performance, the performance of the Board committees and the Chairman on an annual basis.

The Chairman meets each Director on an individual basis to discuss their performance and to provide feedback. The results of this discussion including any key areas for development are formally documented.

Each Board committee annually reviews the fulfilment of its responsibilities as set out in its Charter and provides a report with a summary of issues and recommendations for the Board's review. Upon review the Board will then provide their feedback to the Committee including an endorsement of the recommendations made.

Independent professional advice and access to information

Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. Each Director also has the right to seek independent professional advice subject to prior consultation with, and approval from, the chairman. This advice will be provided at the Group's expense and will be made available to all members of the Board.

Insurance

The Group has in place a Directors and Officers liability insurance policy providing a specified level of cover for current and former Directors and executive Officers of the Group against liabilities incurred whilst acting in their respective capacity.

Principle 3: Act ethically and responsibly

Code of Conduct

The Group recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Group.

The Group has established a Code of Conduct and a Directors and Officers Code of Conduct, copies of which are available on the Company's website under the corporate governance section. New employees are introduced to the Code of Conduct as part of their induction training. Employees sign a declaration confirming receipt of the Code of Conduct and their compliance with it. Periodical training is then provided throughout the course of their employment.

Unethical practices, including fraud, legal and regulatory breaches, and policy breaches are required to be reported on a timely basis to management. Reporting parties are able to do so without fear of reprisal or retribution as their identity and report are kept in the strictest confidence. External third party reporting procedures are available to employees to provide them with the assurance that their identity will be kept confidential at all times.

Whistleblower Policy

The Board is currently reviewing the whistleblower policy to identify appropriate policies to put in place.

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Corporate Governance Statement (Continued)

Share Trading Policy

The Group has established a share trading policy which governs the trading in the Group's shares and applies to all Directors and employees of the Group. A copy of this policy is available on the Company's website under www.ergau.com/Statements_and_Policies.html.

Under this share trading policy, an executive, employee or director must not trade in any securities of the Group at any time when they are in possession of unpublished, price sensitive information in relation to those securities.

Before commencing to trade, an executive or employee must first obtain the permission of the Company Secretary to do so, and a director must obtain the permission of the Chairman. The trading windows are four weeks after the release of the half year results, full year results and the holding of the Annual General Meeting. Trading of securities outside the trading windows can only occur in exceptional circumstances and with the approval of the Company Secretary.

As required by the ASX listing rules, the Group notifies the ASX of any transaction conducted by Directors in the securities of the Group.

Diversity Policy

As described in the Company's Diversity Policy (a copy of which is available on the Company's website at www.ergau.com/Statements_and_Policies.html) the Company respects and values the competitive advantage if diversity (which includes, but is not limited to gender, age, thenicity and cultural background).

The Board at all times seeks to deploy the best people it can in whatever role. The Board calls this the Company's 'Merit and Ability' philosophy. The Merit and Ability philosophy is used to employ, promote and contract on the basis of merit, ability, performance, responsibility, integrity, attitude and work ethic.

Central to the successful operation of the Company's Merit and Ability philosophy is that considerations of age, race, religion, creed or gender have no positive or negative bias in employment or contracting decisions. This is termed the 'No Bias Employment' principle. The Board encourages transparent and contestable employment processes. It strives to keep the workplace environment open and diverse, with no bias involved in any employment process.

In light of the Board's Merit and Ability philosophy, the Company has not created a formal diversity policy. The Board does not consider that the creation and implementation of a formal diversity policy will provide any measurable benefit to the Company which would not be otherwise be achieved by the Merit and Ability philosophy and No Bias Employment principle. The Company views that the combination of the Merit and Ability philosophy and the No Bias Employment principle leaves open the widest possible recruitment pool. In turn, this leads to the greatest potential for diversity to enrich the Company.

As the Company does not have a formal diversity policy, it has not implemented measurable objectives for gender diversity. The Company does not see such a policy as appropriate. The Board views that setting quantitative gender or other measurable targets is entirely inconsistent with the Company's Merit and Ability philosophy and No Bias Employment principle. The Company is not a "relevant" employer under the Workplace Gender Equality Act.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Committee

An Audit and Risk Committee has been established by the Board. The Committee's role and operations are documented in a Charter which is approved by the Board. This Charter is available on the Company's website under www.ergau.com/Statements_and_Policies.html.

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Corporate Governance Statement (Continued)

The Committee's Charter provides that all members of the Audit and Risk Committee should be Independent Non-Executive Directors and that the Chair cannot be the Chairman of the Board. Members of the Committee throughout the period and at the date of this report are Mr Min Yu (Chair), Mr Pierre Lau and Ms Tao Xue all of whom are Non-Executive Directors. The Board considers the composition of the Audit & Risk Committee to be appropriate for the Company's current purposes, despite not being strictly in compliance with the ASX Principles and the Committee's Charter. Nevertheless, the importance of the independent makeup of the committee is recognised which the Company will aim to comply with.

The purpose of the Committee is to:

- Ensure the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations.
- Ensure that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions.
- Ensure that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk.
- Oversee the appointment, compensation, retention and oversight of the external auditor, and review of any non-audit services provided by the external auditor.
- Regularly review the performance of the external auditor regarding quality, costs and independence.

The Chief Financial Officer and external auditor also regularly attend the Committee meetings by standing invitation. Other management are invited to attend Committee meetings and participate in discussion relating to specific issues that they have an interest in.

The Committee is authorised to obtain independent legal advice at the Company's expense if it considers it necessary in fulfilling its duties.

Principle 5: Make timely and balanced disclosure

Emperor Range Group Limited has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Group, and ensure that all investors have access to information on the Group's financial performance. This ensures that the Group is compliant with the information disclosure requirements under the ASX Listing Rules.

These policies and procedures include a comprehensive Disclosure Policy that includes identification of matters that may have a material impact on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Group's website and issuing media releases. These policies are available on the Company's website at www.ergau.com/Statements_and_Policies.html.

Matters involving potential market sensitive information must first be reported to the Managing Director either directly or via the Company Secretary. The Managing Director will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the Information Disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, either the Managing Director or Company Secretary will disclose the information to the relevant authorities, being the only authorised officers of the Group who are able to disclose such information. Board approval is required for market sensitive information such as financial results, material transactions or upgrading/downgrading financial forecasts. This approval is minuted in the meetings of the Board of Directors.

Principle 6: Respect the rights of shareholders

Emperor Range Group Limited has established a Shareholder Communication Policy which describes the Group's approach to promoting effective communication with shareholders which includes:

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Corporate Governance Statement (Continued)

- The annual report, including relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The annual report can be accessed either through the ASX website.
- The half year and full year financial results are announced to the ASX and are available to shareholders via the Company's and ASX's websites.
- Detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting.
- Shareholding and dividend payment details are available through the Group's share register, Boardroom Limited.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit of the Group and the contents of the auditor's report. The Company and its market registry facilitates electronic communications to and from Shareholders for efficiency.

Principle 7: Recognise and manage risk

Risk management framework

Emperor Range Group Limited recognises that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long term performance.

The following objectives drive the Group's approach to risk management:

- Having a culture that is risk aware and supported by high standards of accountability at all levels.
- Promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organisational processes.
- Supporting more effective decision making through better understanding and consideration of risk exposures.
- Increasing shareholder value by protecting and improving share price and earnings per share in the short to medium term while building a sustainable business in the longer term.
- Safeguarding the Group's assets.
- Enabling the Board to fulfil its governance and compliance requirements.
- Supporting the sign off for ASX Principles four and seven by the Chief Executive Officer/Managing Director and Chief Financial Officer.

In achieving effective risk management, the Group recognises the importance of leadership. As such, the Board and executive management have responsibility for driving and supporting risk management across the Group. Each subsidiary then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances.

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Corporate Governance Statement (Continued)

Audit and Risk Committee

Under its Charter, the Audit and Risk Committee has been delegated responsibility by the Board to oversee the implementation and review of risk management and related internal compliance and control systems throughout the Group.

The Committee reviews the appropriateness and adequacy of internal processes for determining, assessing and monitoring risk areas including the assessment of the effectiveness of the Group's internal compliance and controls including:

- The existence and adequacy of key policies and procedures.
- The adequacy of disclosures and processes for regular reporting of information to the appropriate parties, including the Board.
- The Committee is also responsible for monitoring the Group's compliance with applicable laws and regulations including:
- Ensuring that management is reviewing developments and changes in applicable laws and regulations relating to the Group's responsibilities.
- Reviewing management's actions and responses to ensure that the Group's practices are compliant with all new developments.
- Reviewing material actual and suspected breaches of applicable laws and regulations, and any breaches of Group policies.
- Reviewing material litigation, legal claims, contingencies or significant risks relating to the Group.
- Reviewing Director and executive management related party transactions.

The Audit and Risk Committee reports to the Board on the major issues and findings that are presented and discussed at its meetings.

Corporate reporting

The Board has required management to design and implement a risk management and internal control system to manage the Group's material business risks and to report on whether those risks are being effectively managed.

Principle 8: Remunerate fairly and responsibly

Nomination and Remuneration Committee

As previously stated in Principle 2, the Board has established a Nomination and Remuneration Committee whose role is documented in a Charter which is approved by the Board.

The objective of the Committee with respect to its remuneration function is to assist the Board in determining appropriate remuneration arrangements for the Directors and executive management.

These objectives include:

- Reviewing the adequacy and form of remuneration of Independent Non-Executive Directors.
- Ensuring that the remuneration of the Independent Non-Executive Directors is reflective of the responsibilities and the risks of being a Director of the Group.
- Reviewing the contractual arrangements of the Managing Director and the executive management team including their remuneration.
- Comparing the remuneration of the Managing Director and executive management to comparable groups within similar industries to ensure that the remuneration on offer can attract, retain and properly reward performance which will translate into long term growth in shareholder value.
- Annually review key performance indicators of the Managing Director and executive team to ensure that they remain congruent with the Group's strategies and objectives.
- Reviewing the basis for remuneration of other Executive Directors of the Group for their services as Directors.
- Reviewing incentive performance arrangements when instructed by the Board.

Corporate Governance Statement (Continued)

- Reviewing proposed remuneration arrangements for new Director or executive appointments

The Committee will submit their recommendations to the Board regarding the remuneration arrangements and performance incentives for the Managing Director and executive team. The Board will review these recommendations before providing their approval.

Details of the Group's remuneration structure and details of senior executives' remuneration and incentives are set out in the Remuneration Report contained within the Directors' Report. The Remuneration Report also contains details on the structure of Non-Executive Director Remuneration.