

COMET RESOURCES LIMITED

ACN 060 626 202

Corporate Governance Statement for the year ended 30 June 2017

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring achievement of these goals.

Subject to the exceptions outlined below the Company will adopt the ASX Corporate Governance Council's 2nd edition of the *Principles and Recommendations with 2010 Amendments* to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R ¹	If not, why not ²		ASX P & R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.3		✓
Recommendation 1.2	✓		Recommendation 4.4	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2	✓	
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2	✓	
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2		✓
Recommendation 2.6	✓		Recommendation 7.3	✓	
Recommendation 3.1		✓	Recommendation 7.4		✓
Recommendation 3.2		✓	Recommendation 8.1		✓
Recommendation 3.3		✓	Recommendation 8.2		✓
Recommendation 4.1		✓	Recommendation 8.3	✓	
Recommendation 4.2		✓			

¹ Indicates where the Company has followed the Principles & Recommendations.

² Indicates where the Company has provided a "if not, why not" disclosure.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Best Practice Recommendation	Notification of departure	Explanation of departure
2.1	Majority of Board not independent	The Board considers the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment of a majority of independent non-executive directors. The Board believes that the individuals can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item must absent themselves from the Board meeting before commencement of discussion on the topic.
2.2	Chairman is not independent	The Company's Executive Chairman, Mr RO Jones, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However, the Board believes that the Chairman is able and does bring quality and independent judgement to all relevant issues falling within the scope of the role of Chairman.
2.4	A separate Nomination Committee has not been formed	The Board considers that the Company is not currently of a size to justify the formation of a Nomination Committee. The Board as a whole undertakes the process of reviewing the skill

		base and experience of existing Directors to enable identification of attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.
3.1, 3.2 & 3.3	Diversity	The Board considers that the Company is currently not of a size to justify implementing a Diversity Policy.
4.1, 4.2 & 4.3	A separate Audit Committee has not been formed and there is no Charter	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an Audit Committee. The Board as a whole undertakes the selection and application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems.
7.2	Not all management risk internal control systems are in place	Whilst the Company does consider risk management (refer to Annual Report, Note 20) not all of the recommendations regarding internal control systems are in place.
7.4	No report from management	No report received from management regarding Recommendation 7.2.
8.1 & 8.2	A separate Remuneration Committee has not been formed	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of a Remuneration Committee. The Board as a whole is responsible for remuneration arrangements for Directors and Executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee.

Details of each Director's qualifications and experience are set out in the Directors' Report.

Details of remuneration are contained in the "Remuneration Report" which forms part of the Directors' Report.

The responsibilities of the Board include:

- Protection and enhancement of Shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;
- The review of performance and remuneration of executive directors and key management personnel;
- The establishment and maintenance of appropriate ethical standards; and
- Evaluating, and where appropriate, adopting with or without modification, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Company has adopted corporate Governance Policies common for public listed companies. Copies of these policies are accessible on the Company's website www.cometres.com.au