

## Corporate Governance Statement

12 October 2017

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The Directors of Minotaur Exploration Limited (the Company) and its controlled entities (the Group) are committed to achieving and demonstrating robust corporate governance practices which are appropriate to the Group's size and stage of development.

The Board reviews the governance framework and practices to ensure they meet the interests of shareholders.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

The Corporate Governance Statement and the Company's Board and Committee Charters and Company Policies can be accessed on the Company's website [www.minotaurexploration.com.au](http://www.minotaurexploration.com.au).

The Group has reviewed its corporate governance and reporting practices during the year ended 30 June 2017 and their compliance with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition (ASX Guidelines). The disclosures in this Corporate Governance Statement reflect this and, as at the date of this statement, the Group complies with the ASX Guidelines (unless otherwise stated).

### **Principle 1: Lay solid foundations for management and oversight**

A sound working relationship between the Board and senior management is fundamental to the Group's operational viability. The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring the organisational performance and the achievement of the Group's strategic goals and objectives;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors;
- appointment and performance assessment of the Managing Director (MD);
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team, including the Company Secretary;

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- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders; and
- ensuring appropriate resources are available to senior management.

The roles and responsibilities of the Board are set out in the Board Charter.

Amongst other things the Board Charter provides that the Board will undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and 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.

The Board has established an Audit, Business Risk and Compliance Committee to assist it in exercising its authority and in meeting its responsibilities.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Day to day management of the Group's affairs and the implementation of corporate strategy and policy initiatives are delegated by the Board to the Managing Director.

A performance assessment for senior executives took place during the year in accordance with the Group's policy. Briefly, this involved the review of staff performance against agreed KPI's and feedback was received from the Board where appropriate.

*Departures from Principle 1:*

*Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Group has entered into a Service Agreement with its Managing Director, Mr Andrew Woskett and all other senior executives are subject to employment agreements with standard commercial terms (including the Company's Executive Director, Dr Antonio Belperio). The remaining Directors (both non-executives) have not entered into formal contracts, but their remuneration has been set by way of resolution by the Board and their responsibilities are outlined within this Corporate Governance Statement and the Board Charter. The Company believes this to be appropriate given the size and nature of the Group.

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### *Recommendation 1.5 – Diversity*

The Group has not yet developed or disclosed a formal diversity policy and therefore has not complied with recommendation 1.5. The Company believes this to be appropriate at this time, but notes it uses diversity as a driver for staff recruitment. The total proportion of men and women on the board, in senior positions and across the Group as at 30 June 2017 is listed below:

<b>Category</b>	<b>Men</b>	<b>Women</b>
Board	4	-
Senior Management (excluding Directors noted above)	2	-
Group	13	8

### *Recommendation 1.6 – Review process for evaluating the Board and Directors*

The Group does not have a formal process for periodically evaluating the performance of its Board or individual directors and therefore has not undertaken any performance evaluation of either nor complied with recommendation 1.6. Due to the size of the Group, the Board believes it has not been necessary to arrange formal evaluations. The Board however notes that it periodically evaluates the composition and performance of the Board at Board meetings.

## **Principle 2: Structure the board to add value**

### *Board composition*

At the date of this statement the Board consists of the following Directors:

- Dr Roger Higgins, Non-Executive Chairman (appointed as Non-Executive Director 1 July 2016, elected as Chairman 31 January 2017)
- Non-Executive Director (appointed 1 July 2016)
- Mr Andrew Woskett, Managing Director (Appointed 6 March 2010)
- Dr Antonio Belperio, Executive Director (Appointed 21 August 2007)
- Mr George McKenzie, Non-Executive Director (Appointed 31 January 2017)

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of Directors including details of their qualifications and experience are set out in the Directors' Report of the Annual Report and are also available on the Company's website.

The Group undertakes appropriate checks before appointing a person to the Board of the Company. All material information relevant to the decision as to whether or not to elect or

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re-elect a Director is submitted for review by members in the Group's Notice of Annual General Meeting.

The Group has a policy for inducting new Directors, which includes discussions with the Company's Managing Director and senior staff, as well as copies of relevant corporate policies and documentation. The Group additionally supports all Directors by allowing reimbursement for appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

### *Independence*

The Board has, in accordance with the factors enumerated in the ASX Guidelines, determined that Dr Roger Higgins (the Company's Chairman) and Mr George McKenzie are independent directors of the Company. Messrs Andrew Woskett and Antonio Belperio are not considered independent given their executive roles within the Company.

### *Board skills*

The Board aims in its composition to maintain a combination of skills and experience that ensure the Board has the expertise to meet both its legal and fiduciary responsibilities and its strategic objectives. Thus the Board is cognisant of the benefit of diversity among its Directors, both in gender, qualifications and experience. The Board assesses diversity criteria when considering Board candidates.

The Group's desired mix of skills and competencies is listed below. The Board considers its current composition adequately meets these criteria.

<b>Area</b>	<b>Competencies</b>
<i>Leadership</i>	Business Leadership, public listed company experience
<i>Business and Finance</i>	Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Equity Capital Markets experience, Financial Literacy, Mergers and Acquisitions, Risk Management, Tax – Australia
<i>Sustainability and Stakeholder Management</i>	Community Relations, Corporate Governance, Work Health and Safety, Human Resources, Remuneration, Investor Relations
<i>Technical</i>	Qualifications in Geosciences, Mining, Metallurgy or Engineering and relevant experience in Exploration, Project Development and Operations

### *Departures from Principle 2*

#### *Recommendation 2.1 – Nomination Committee*

The Board has not established a Nomination and Remuneration Committee in accordance with recommendation 2.1 of the ASX Guidelines because the Group does not currently have the scale or complexity to benefit from the formation of a separate committee. The Board

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takes ultimate responsibility for these matters and continues to monitor the composition of the Board and the roles and responsibilities of its members. The Group however is conscious of ensuring succession planning for the Group is dealt with at a Board level. The Board (in conjunction with its annual review of performance) reviews the size, composition and diversity of the Board and the mix of existing and desired competencies across Board members. In conducting the review, the skills matrix referred to above is used to enable the Board to assess the skills and experience of each Director and the combined capabilities of the Board.

### *Recommendation 2.4 - A majority of the board of a listed entity should be independent directors*

As listed above, the Board presently consists of two independent Directors out of a total of four Directors. The Company therefore has not complied with Recommendation 2.4 in that a majority of Directors are not independent.

The Board considers its current structure to be appropriate given the experience of the individual Directors and the size and nature of the Group at the present time. Each individual member of the Board is satisfied that whilst the Company does not comply with Recommendation 2.4, all Directors bring an independent judgment to bear on Board decisions.

### **Principle 3: Act ethically and responsibly**

#### *Code of conduct*

The Company has developed a Code of Conduct and Ethics (the Code) which has been endorsed by the board and applies to all Directors and employees. The Code is periodically reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

A copy of the Company's Share Trading Policy is available on the ASX announcements tab (the Company's policy was lodged on 22 March 2017).

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### Principle 4: Safeguard integrity in financial reporting

#### *Audit, Business Risk and Compliance Committee*

The audit committee consists of the following Directors:

Mr George McKenzie (Chair)  
Dr Roger Higgins

Details of these Directors' qualifications and attendance at Audit, Business Risk and Compliance committee meetings are set out annually in the Directors' report included in the Annual Report.

All members of the Audit, Business Risk and Compliance Committee are financially literate and have an appropriate understanding of the industries in which the group operates.

The Committee operates in accordance with a charter which is available on the Company website. The Committee's key responsibilities and functions are to:

- Oversee the Company's relationship with the external auditor (including forming a policy on the provision of non-audit services and the rotation of external auditor personnel at least every five years) and the external audit function generally;
- oversee the adequacy of the control processes in place in relation to the preparation of financial statements and reports;
- oversee the adequacy of the Company's financial controls and systems; and
- oversee the process of identification and management of business, financial and commercial risks.

In fulfilling its responsibilities, the Audit, Business Risk and Compliance Committee:

- receives regular reports from management and the external auditors;
- meets with the external auditors at least twice a year, or more frequently if necessary;
- reviews the processes the Managing Director and Company Secretary (acting as CFO) have in place to support their certifications to the board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved; and
- provides the external auditors with a clear line of direct communication at any time to either the Chair of the Audit Committee or the Chair of the Board.

The Audit, Business Risk and Compliance Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

#### *External auditors*

The Company's Audit, Business Risk and Compliance policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external

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auditor is reviewed annually and applications for tender of external audit services are requested at appropriate intervals, taking into consideration assessment of performance, existing value and tender costs. Grant Thornton Audit Pty Ltd ('Grant Thornton') was appointed as the external auditor on 22 November 2012. It is Grant Thornton's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions. Grant Thornton's audit partner was rotated during the 2015 financial year.

The amount of fees paid to the external auditors is provided in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit, Business Risk and Compliance committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### *MD and CFO assurance*

The Board receives regular reports on the Group's financial and operational results in conjunction with its Board meetings.

Before the adoption by the Board of the half-year and full-year financial statements, the Board receives written declarations from the Managing Director and the Company Secretary that the financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act, and the Company's financial statements and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and performance for the financial period and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### *Departures from Principle 4*

#### *Recommendation 4.1 – Audit Committee*

The Company's Audit Committee does not comply with all of the requirements of Recommendation 4.1. The committee consists of independent Directors but has only two members. The Company considers the membership of the committee to be appropriate given the size and nature of the Group.

### **Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders**

#### *Continuous disclosure and shareholder communication*

The Group has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. These

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policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance, in conjunction with the full Board, in relation to the continuous disclosure requirements in the ASX Listing Rules. Overseeing and co-ordinating information disclosure to key stakeholders is delegated to the Company's Managing Director, Mr Andrew Woskett.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. The Company's website also enables users to provide feedback on company matters and includes a "Corporate Governance" landing page that discloses all relevant corporate governance information, including policies and procedures.

### *Investor relations and member participation*

Shareholders are encouraged to participate at all Annual General Meetings and Extraordinary General Meetings of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary sends out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. The meetings are also conducted to allow questions and feedback to the Board and management of the Company.

The Group aims to promote effective communication to and from security holders. Shareholders of the Group can register to receive email notifications when an announcement is made by the Company to the ASX. Shareholders are also encouraged to register with the Company's share register to communicate electronically.

### **Principle 7: Recognise and manage risk**

The Board is responsible for ensuring that management has developed and implemented a sound system of risk management and internal control.

The Audit, Business Risk and Compliance Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems.

Membership of the Committee and the departures in that membership from recommendation 7.1 of the ASX Guidelines are detailed in the section of this Statement dealing with Principle 4 of the ASX Guidelines.

The Committee's specific function with respect to risk management is to review and report to the Board whether:

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- The Company's ongoing risk management program effectively identifies all areas of potential risk;
- adequate policies and procedures have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to address areas of weakness.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control systems and has to report to the Audit, Business Risk and Compliance Committee on the effectiveness of:

- the risk management and internal control systems, and
- the Group's management of its material business risks.

The Group does not have a separate internal audit function.

### *Exposure to material economic, environmental and social sustainability risk*

The Group's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The Group at present has not identified specific material risk exposure in these categories. Management monitors the effectiveness of the Group's risk management and associated internal compliance and control procedures.

### *Recommendation 7.2 – Review of risk management framework and associated disclosures*

The Group has not undertaken a specific review during the year in relation to the Group's risk management framework. As noted above, it is the Board's responsibility to satisfy itself that the Group has a sound system of risk management and internal control. This is monitored by the Board at Directors meetings and in communication with management. The Group believes this to be appropriate given the size and nature of the Group at this time.

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### **Principle 8: Remunerate fairly and responsibly**

The Board has not established a Remuneration Committee given the size of the Group and number of employees. It is not considered that this is required at this time. The Board therefore fulfils the duties of the committee.

Every employee of the Group signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. The Group's human resources structure is reviewed by the Board on an on-going basis and, where necessary, is revised to accommodate the change in the Group's needs and requirements.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' report under the heading 'Remuneration report'. The Group has a policy to distinguish the remuneration of executive and senior staff from that of the non-executive Directors. All executive and senior staff are subject to annual reviews, where the remuneration arrangements are reviewed and benchmarked against industry averages. The Group additionally uses the Employee Share Option Plan to provide incentives to employees, which are reviewed annually in conjunction with the available option pool. The Non-Executive Directors remuneration is set from a pool that is approved by shareholders, which presently is set at \$300,000 per annum. The Non-Executive Director fees have not been increased since the Company's prospectus in 2005 (in conjunction with the demerger from Minotaur Resources Ltd) and the Group has a policy of obtaining shareholder approval for any share based remuneration (such as options) to be granted to Directors in accordance with the ASX Listing Rules.

In accordance with Group policy, participants in equity-based remuneration plans (of which the Group has one, the Employee Share Option Plan) are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements. Details of the Employee Share Option Plan can be found on the Group's website.

The Board assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions. This includes overseeing processes in relation to meeting diversity objectives for executives and staff below Board level.