

## **CORPORATE GOVERNANCE STATEMENT**

### ***Corporate Governance Practices***

This statement provides an outline of the main corporate governance policies and practices that the Company had in place during the financial year. It is current as at 7 October 2021 and has been approved by the Board.

The Board places considerable importance on high standards of ethical behaviour, governance and accountability. The Board is committed to ensuring its corporate governance policies adhere, as much as is practicable, to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board has recognised the need for the continual development of the Company's corporate governance policies and practices, particularly in view of the Australian Securities Exchange Corporate Governance Principles and Recommendations (4<sup>th</sup> edition) for the period from 1 July 2020 to 30 June 2021.

### ***Roles and Responsibilities of the Board and Company Secretary***

The Board of Directors is accountable to shareholders for the proper and prudent investment and preservation of shareholder funds.

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- providing leadership of the Company within a framework of prudent and effective controls which enable risks to be assessed and managed;
- providing input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- setting the Company's direction, strategies and financial objectives;
- ensuring compliance with regulatory and ethical standards;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- appointing, terminating and reviewing the performance of the Managing Director/CEO;
- ratifying the appointment and the termination of senior executives;
- monitoring senior executives' performance and implementation of strategy; and
- ensuring appropriate resources are available to senior executives.

Responsibility for the day-to-day management of the Company is delegated to the Managing Director/CEO and the other senior executives.

The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board, as set out in the Board Charter.

In carrying out its duties the Board meets regularly and additional meetings are held to address specific issues or are held as the need arises. Directors also participate in meetings of various Board committees. Information about the number of times the Board and each committee met throughout the most recent reporting period and the individual attendance of Directors and committee members at those meetings is set out in the Directors' Report included in the Company's most recent annual report.

The Board Charter is available in the “Corporate Governance” section of the Company’s website.

***Composition of the Board***

The Board may, in accordance with the Company’s constitution, be comprised of a minimum of three and a maximum of ten Directors.

The roles of the Chairman and the Managing Director/CEO are exercised by different individuals. Mr. Ross Smyth-Kirk was appointed Executive Chairman on 2 May 2017 following the resignation of the CEO. The Executive Chairman performs the role of the CEO.

Information about Directors, including their qualifications, experience and the period for which each Director has held office are set out in the Directors’ Report included in the Company’s most recent annual report.

At each Annual General Meeting of the Company, one third of the Directors (or the number nearest one-third) must retire from office. In addition any other Director who has held office (without re-election) for three years or more must also retire from office. The Directors to retire at any Annual General Meeting must be those who have been in office the longest since their last election. The retirement of Directors who were elected on the same day, must be determined by lot (unless they agree otherwise between themselves). A retiring Director is eligible for re-election.

A Director appointed to fill a casual vacancy or as an addition to the existing Directors will hold office until the next Annual General Meeting at which he or she may be re-elected.

Appropriate checks are performed before appointing a person or putting a person forward as a director.

The Managing Director (where appointed) is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

In determining the composition of the Board, the Board and the Remuneration and Nomination Committee work together to ensure that the optimal size and blend of skills, expertise and experience are represented on the Board to further ensure that effective discussion and efficient decision making takes place. The Board is satisfied that the current Board is comprised of Directors representing a broad range of these attributes.

The following table summarises the skills, experience and expertise of the Directors serving on the Board at 30 June 2021.

**Board Experience, Skills and Attributes Matrix**

	<b>Board</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>
<b>Total Directors</b>	3	3	3	3
<b>Experience</b>				
<b>Corporate leadership</b> Experience in senior corporate leadership role	3	3	3	3
<b>International experience</b> Senior experience in multiple international locations	3	3	3	3
<b>Resource industry experience</b> Relevant industry (mining, exploration) experience	3	3	3	3
<b>Other Board level experience</b> Board roles at other listed entities (last 3 years)	2	2	2	2
<b>Capital projects</b> Major resources capital project development and management	3	3	3	3
<b>Tertiary qualifications</b>				
Geology/Engineering	1	1	1	1
Accounting/economics	2	2	2	2
<b>Gender</b>				
Female	-	-	-	-
Male	3	3	3	3
<b>Tenure</b>				
0-3 years	-	1	-	1
3-6 years	-	-	-	-
6-9 years	1	1	1	1
9+ years	2	1	2	1

### ***Director Independence***

The Board considers that independence from management and non-alignment with other interests or relationships with the Company is essential for impartial decision making and effective governance.

Directors are deemed to be independent if they are independent of management and have no material business or other relationship with the Company that could materially impede their objectivity or the exercise of independent judgement, or materially influence their ability to act in the best interests of the Company.

At 30 June 2021, two of the Company's Directors were considered by the Board to be independent. Those Directors were Mr. Peter Alexander and Mr. Peter Warren.

In assessing independence, the Board has regard to whether any Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the above mentioned adviser/consultant;
- is a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has a material contractual relationship with the Company other than as a Director.

The concept of 'materiality' is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors.

### ***Appointment of Directors***

Nominations of new Directors, recommended by the Nomination Committee, are considered by the full Board.

The Nomination Committee employs external consultants to access a wide base of potential Directors, considering their range of skills and experience required in light of the:

- current composition of the Board;
- need for independence;
- the Company's Diversity Policy;
- strategic direction and progress of the Company; and
- nature of the Company's business.

The Board assesses nominated Directors against a range of criteria including experience, professional expertise, personal qualities, potential conflicts of interest and their capacity to commit themselves to the Board's activities.

The Company has written agreements with each Director and senior executive setting out the terms of their appointments.

### ***Performance Review of the Board and Senior Executives***

Each year the Board receives reports from management detailing interactions with and outlining the expressed views of the Company's shareholders. The Nomination Committee is responsible for evaluation of the Board, its committees and its key executives on an annual basis in accordance with the Nomination Committee Charter.

The Managing Director/CEO undertakes an annual review of the performance of each Senior Executive against individual tasks and objectives.

Performance evaluations of the Board, its committees, the individual Directors and key executives were undertaken in the 2021 financial year in accordance with the above processes.

### ***Board Induction Program and Training***

The Company has an induction program for new Directors which includes providing them with the Company's Constitution, recently published reports and ASX announcements, recent management reports and corporate governance materials. Briefing meetings are also arranged with the CEO, CFO as well as other senior personnel. In addition, site visits are arranged.

Directors are encouraged to attend relevant professional development courses at the cost of the Company, subject to the approval of the Chairman.

### ***Independent Professional Advice***

Directors are able to access members of the management team at any time to request relevant information.

It is also Board policy that Directors may seek independent advice at the Company's expense.

### ***Board Committees***

To assist the Board in fulfilling its responsibilities, the Board has established three committees to consider certain issues and functions. These committees are as follows:

- Audit Committee;
- Remuneration Committee; and
- Nomination Committee.

Each committee operates under its own charter which are available in the "Corporate Governance" section of the Company's website.

### ***Audit Committee***

The members of the Audit Committee as at the date of this Report are:

- Mr. Peter Warren (Chairman of Audit Committee);
- Mr. Peter Alexander; and
- Mr. Ross Smyth-Kirk.

The Committee has appropriate financial expertise. All members of the Committee are financially literate and have an appropriate understanding of the industry in which the Company operates.

The Committee's role is to assist the Board to fulfil its responsibilities associated with the Company's accounts, its external financial reporting, its internal control structure, risk management systems and audit function. The primary functions of the Committee are to:

- review the financial information provided by the Board to shareholders and other parties ensuring that it is true and fair and complies with relevant accounting standards;

- ensure that corporate risk management policies and internal controls are in place and are maintained in accordance with appropriate standards and statutory requirements;
- oversee and evaluate the quality of the audits conducted by the external auditors;
- oversee and evaluate the quality of the Company's internal audit function;
- provide for open communication between the external auditors and the Board for the exchange of views and information; and
- recommend to the Board the nomination and remuneration of the external auditors and ensure their independence and integrity.

The Committee oversees established systems and controls to maintain the integrity of financial management and reporting within the Group.

In fulfilling its responsibilities, the Committee has rights of access to management and to auditors without management present and may seek explanations and additional information. The Group does not have a separate internal audit function.

The CEO and CFO are required to make 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.

Information about the qualifications and experience of committee members, number of times the Committee met throughout the most recent reporting period and the individual attendance of committee members at those meetings is set out in the Directors' Report included in the Company's most recent annual report.

Mr. Ross Smyth-Kirk was appointed Executive Chairman on 2 May 2017 following the resignation of the CEO. As a consequence, for an interim period, the Audit Committee has executive and non-executive directors.

The Committee operates in accordance with a charter published in the 'Corporate Governance' section of the Company's website.

### ***Auditor Independence and Engagement***

The charter adopted by the Audit Committee confirms its role in assisting the Board in respect of the appointment, compensation, retention and oversight of the Company's external auditors. The external auditors are required to confirm that they have maintained their independence in accordance with the *Corporations Act 2001* (Cth) and the rules of professional accounting bodies.

The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested when deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report included in the Company's annual report. It is the policy of the external auditors to provide an annual declaration of their independence to the Committee.

The external auditor is requested to attend the Company's 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.

### ***Risk Oversight and Management***

The Board, through the Audit Committee, is responsible for ensuring that there are adequate policies in place in relation to risk management, compliance and internal control systems.

Kingsgate has a systematic and structured risk oversight and management program that involves a detailed analysis of material risks to the business and operates at various levels underpinned by specific systems and procedures.

Risk monitoring, managing, mitigating and reporting is conducted regularly and includes the following:

- regular internal management reporting;
- reporting at Board and Committee meetings by relevant managers;
- site visits by the Board and senior management;
- internal and external audits; and
- training, procedural manuals and meetings.

The Company's risk management framework is reviewed annually and took place during the reporting period.

Examples of the Group's material exposure to economic, environmental and social sustainability risks are disclosed in the Directors' Report included in the Company's most recent annual report.

Before approving the financial statements for a financial period, the Board received assurance from the Executive Chairman and Company Secretary that the solvency declaration provided in accordance with section 295A of the *Corporations Act 2001* (Cth) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The declaration was signed by the Executive Chairman and Company Secretary as the Company given its current activities does not currently have a CEO or CFO.

### **Remuneration Committee**

The members of the Remuneration Committee as at the date of this Report are:

- Mr. Ross Smyth-Kirk (Chairman of Remuneration Committee)
- Mr. Peter Alexander; and
- Mr. Peter Warren.

The Remuneration Committee's role is to oversee the Company's remuneration and compensation plans.

To ensure that the review of remuneration practices and strategies on which decision making is based is objective and well founded, the Remuneration Committee engages external remuneration consultants.

The Remuneration Committee supports and advises the Board in fulfilling its responsibilities to shareholders by:

- ensuring shareholder and employee interests are aligned;
- ensuring the Company is able to attract, develop and retain talented employees;
- recommending to the Board, with the Managing Director/CEO, an appropriate executive remuneration policy;
- determining the remuneration of Directors in accordance with the Company's Non-Executive Director Remuneration Policy;
- having regard to the Company's Diversity Policy, including issues relating to remuneration by gender;
- reviewing and approving the remuneration of those reporting directly to the Managing Director/CEO and other senior executives, as appropriate; and
- reviewing all equity based plans for approval by the Board.

The Company's Executive Remuneration Policy is designed so that it motivates senior executives to pursue the long-term growth and success of the Company and demonstrates a clear relationship between senior

executives' performance and remuneration. Participants in the Company's equity based remuneration scheme are not permitted to hedge the risk of participating in the scheme.

Information about the number of times the Remuneration Committee met throughout the most recent reporting period and the individual attendance of committee members at those meetings is set out in the Directors' Report included in the Company's most recent annual report.

Mr. Ross Smyth-Kirk was appointed Executive Chairman on 2 May 2017 following the resignation of the CEO. As a consequence, for an interim period, the Remuneration Committee is not chaired by an independent director.

The Remuneration Committee operates in accordance with a charter published in the 'Corporate Governance' section of the Company's website.

### ***Nomination Committee***

The members of the Nomination Committee as at the date of this Report are:

- Mr. Ross Smyth-Kirk (Chairman of Nomination Committee)
- Mr. Peter Alexander; and
- Mr. Peter Warren.

The role of the Nomination Committee supports and advises the Board in fulfilling its responsibility to ensure that it comprises individuals who are best able to discharge the responsibilities of the Directors, having regard to the law and the highest standards of governance, by:

- assessing the skills required on the Board;
- reviewing the structure, size and composition of the Board;
- from time to time assessing the extent to which the required skills are represented on the Board;
- ensuring an appropriate succession planning is in place;
- establishing processes for the review of the performance of individual Directors and the Board as a whole, its committees and key executives; and
- establishing processes for the identification of suitable candidates for appointment to the Board.

To ensure that the Board has an appropriate mix of skills and experience, the Nomination Committee will consider men and women from diverse backgrounds for Board membership who have demonstrated high levels of integrity and performance in improving shareholder returns, and who can apply such skills and experience to the benefit of the Company.

Information about the number of times the Nomination Committee met throughout the most recent reporting period and the individual attendance of committee members at those meetings is set out in the Directors' Report included in the Company's most recent annual report.

Mr. Ross Smyth-Kirk was appointed Executive Chairman on 2 May 2017 following the resignation of the CEO. As a consequence, for an interim period, the Nomination Committee is not chaired by an independent director.

The Nomination Committee operates in accordance with a charter published in the 'Corporate Governance' section of the Company's website.

**Ethical Standards and Code of Conduct**

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company has established a Code of Conduct which provides an ethical and legal framework for all employees in the conduct of its business. The Code of Conduct defines how the Company relates to its employees, shareholders and the community in which the Company operates.

The core values of the Code of Conduct are:

- honesty and integrity;
- fairness and respect; and
- trust and openness.

The Code of Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behaviour having regard to the best practice corporate governance models. The Code of Conduct sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

The Code of Conduct is published in the 'Corporate Governance' section of the Company's website.

**Diversity**

The Company has a policy to improve the diversity of its workforce over time by identifying women and individuals from under-represented backgrounds for recruitment, and by rewarding and promoting employees on the basis of performance. Because the Company, at this stage of its development, has a small Board of Directors and a small management team which is geographically dispersed and because of the industry in which the Company operates, the Board does not consider it to be practicable to set measurable objectives to achieve greater gender diversity at this time, however it should be noted that all appointments are based on merit. The Board acknowledges the benefits of seeking to improve gender diversity at all levels in the Company over time and will keep this issue under review.

<b>Current Proportion of Women Employees (Australian based employees)</b>						
<b>Board</b>	<b>Senior Executives</b>	<b>Senior Managers</b>	<b>Managers</b>	<b>Professionals</b>	<b>Non-professionals</b>	<b>Total<sup>1</sup></b>
<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>33%</b>	<b>67%</b>	<b>100%</b>

<sup>1</sup> Calculation based on three full time Australian employees and excludes members of the Board.

The Company's Diversity Policy is available in the 'Corporate Governance' section of the Company's website.

**Whistleblower Policy**

The Company encourages anyone to speak-up and report any concerns about actual or suspected wrongdoing and improper conduct and ensures confidentiality and protection is provided to those who do so.

The Board is informed of any material incidents reported under the policy.

The Company's Whistleblower Policy is available in the 'Corporate Governance' section of the Company's website.

### ***Anti-Bribery and Anti-Corruption Policy***

The Company has established an Anti-Bribery and Anti-Corruption Policy, which sets out the Company's zero tolerance for any bribery or corruption in its business operations.

Employees must not offer, promise, give, demand or accept any undue advantage, whether directly or indirectly, to or from:

- A public official
- A political candidate, party or party official
- A community leader or other person in a position of public trust, or
- Any private sector employee in order to obtain, retain or direct business or to secure any other improper advantage in the conduct of business

The Board is informed of any material incidents reported under the policy.

The Company's Anti-Bribery and Anti-Corruption Policy is available in the 'Corporate Governance' section of the Company's website.

### ***Climate Change***

As the climate is always changing the Group has been unable to identify any new risks to our business that previously did not exist.

As the Intergovernmental Panel on Climate Change (IPCC) has admitted there has not been an increase in frequency or intensity of natural disasters in recent years.

The only observed effect on the Group has been the rise in energy costs due to the introduction of heavily subsidised "renewables" into the power grid.

However, if appropriate the Group will implement a process of dealing with the impact of possible climate related risks if these should occur to our business and our environment.

### ***Share Trading Policy***

In the interests of shareholder confidence and compliance with insider trading laws, the Company has formal policies governing the trading of the Company's securities by Directors, officers and employees. Details of Directors' shareholdings are disclosed in the Directors' Report.

The policy prohibits Directors and employees from engaging in short-term trading of any of the Company's securities and buying or selling the Company's securities if they possess unpublished, price-sensitive information.

Directors and senior management may buy or sell Company securities in the four week period following significant announcements by the Company, including the release of the quarterly report, half-yearly results, the preliminary annual results and the lodgement of the Company's Annual Report (subject to the prohibition of dealing in the Company's securities if they possess unpublished price sensitive information).

Directors and senior management must also receive approval from the Chairman before buying or selling Company securities.

The Company's Share Trading Policy is available in the 'Corporate Governance' section of the Company's website.

### ***Communication with Shareholders and Continuous Disclosure***

The Company is committed to providing relevant and timely information to its shareholders in accordance with its continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001* (Cth).

Information is communicated to shareholders through the distribution of the Company's Annual Report and other communications. All releases are posted on the Company's website and released to the ASX in a timely manner.

The Company has practices in place governing who may authorise and make disclosures and the method by which the market is to be informed of any price sensitive information.

The Company Secretary is responsible for communications with the ASX and ensuring that the Company meets its continuous disclosure obligations.

The Company provides information about itself and its governance to investors in the 'Corporate Governance' section on the Company's website.

The Company has a continuous disclosure policy, shareholder communication policy and an investor relations program to facilitate effective communication between the Company and investors. The Board regularly considers communications received from shareholders.

Shareholders have the option of receiving communications from and sending communications to the Company and its share registry electronically.

The Company's Continuous Disclosure Policy is available in the 'Corporate Governance' section of the Company's website.

### ***General Meetings***

All shareholders are encouraged to attend and participate in the Company's Annual General Meeting. Shareholders may attend in person or send a proxy as their representative.

The Company's external auditor is routinely invited to and attends the Annual General Meeting in order to respond to questions raised by shareholders relating to the content and conduct of the audit and accounting policies adopted by the Company in relation to the preparation of the financial statements.

The Company encourages participation at meetings by providing a facility for shareholders to put questions to the Company in advance of the meeting which the Company will answer at the meeting, so far as practicable and to the extent permitted by law.

### ***Corporate Governance Disclosure***

The Company's governance policies and procedures comply in all substantial respects with the Australian Securities Exchange Corporate Governance Principles and Recommendations (4<sup>th</sup> edition).