

## CORPORATE GOVERNANCE STATEMENT

### ***The Board of Directors***

The Company's constitution provides that the number of directors shall not be less than three and not more than nine.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

In order to ensure the board maintains an optimal mix of skills and diversity, the membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board has established Audit & Risk and Remuneration & Nomination committees. The board as a whole is committed to addressing the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

### ***Role of the Board***

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

### ***Appointments to Other Boards***

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

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

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

### ***Continuous Review of Corporate Governance***

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

### ***ASX Principles of Good Corporate Governance***

To the extent that they are relevant to the organisation, the Company has adopted the Eight Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council.

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

The following table sets out the Company's present position in relation to each of the Principles.

For personal use only

For personal use only

	ASX Principle	Status	Reference/comment
	<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A	The Board Charter includes matters reserved for the Board and is included on the Company website in the Corporate Governance section.
1.2	Companies should disclose the process for evaluating the performance of senior executives	N/A	The Company has a Remuneration Policy which establishes a Remuneration Committee to review and make decisions in relation to senior executive remuneration and incentive policies. No other process is currently adopted for evaluating the performance of senior executives however, the Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	A	
	<b>Principle 2: Structure the board to add value</b>		
2.1	A majority of the board should be independent directors	A	The Board comprises five directors, four of whom are non-executive and independent. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chair should be an independent director	A	The Chairman is independent and, the roles of the Chairman and the Managing Director are separate. The Chairman is responsible for leading the Board in its duties, and facilitating effective discussions at Board level. The Managing Director is responsible for the efficient and effective operation of the Company. The Board considers that this is both appropriate and acceptable at this stage of the Company's development.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	A	These positions are held by separate persons.
2.4	The board should establish a nomination committee	A	The Company has established a Remuneration & Nomination Committee, comprised of three non-executive directors (Anna Mao, Dr Zhen Huang and Michael Atkins), which operates under the Remuneration & Nomination Committee Charter, a copy of which is available on the Company's website.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	A	Disclosed under the Board Charter which is available on the Company's website. No formal performance evaluation for the Board has taken place in this reporting period.

A = Adopted

N/A = Not adopted

For personal use only

ASX Principle	Status	Reference/comment
2.6	A	<p>The skills and experience of Directors, as well as each Director's period of office, are set out in the Company's Annual Report (Directors' report) and on its website.</p> <p>The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.</p>
<b>Principle 3: Promote ethical and responsible decision-making</b>		
3.1	A	The board has established a Corporate Code of Conduct which all employees and directors are expected to follow. The Corporate Code of Conduct is available on the Company's website.
3.2	N/A	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. The Company does not think that it is appropriate to state measurable objectives for achieving gender diversity due to its size and stage of development
3.3	N/A	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.4	A	There is one female director, Ms Anna Mao, on the Board. The Company does not have any female employees or senior executives.
3.5	A	
<b>Principle 4: Safeguard integrity in financial reporting</b>		
4.1	A	
4.2	A	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>consists only of non-executive directors</li> </ul>
A = Adopted		
N/A = Not adopted		

	ASX Principle	Status	Reference/comment
	<ul style="list-style-type: none"> <li>consists of a majority of independent directors</li> </ul>	A	The Company has established an Audit and Risk Committee consisting of the CFO/Company Secretary (Dennis Wilkins) and three non-executive directors (Michael Atkins, Dermot Ryan and Anna Mao), all of whom is classified as independent.
	<ul style="list-style-type: none"> <li>is chaired by an independent chair, who is not chair of the board</li> </ul>	A	The Audit and Risk Committee is chaired by Michael Atkins.
	<ul style="list-style-type: none"> <li>has at least three members</li> </ul>	A	
4.3	The audit committee should have a formal charter	A	The Audit and Risk Committee operates under the Audit and Risk Committee Charter which lists the main responsibilities of the Committee and is available on the Company's website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	The Committee will meet at least each financial year and additionally as circumstances may require for it to undertake its role effectively.
	<b>Principle 5: Make timely and balanced disclosure</b>		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance	A	The Company has adopted a Continuous Disclosure Policy, a copy of which is available on the Company's website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	
	<b>Principle 6: Respect the rights of shareholders</b>		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings	A	The Company has a Shareholder Communications Strategy ( <b>Policy</b> ), a copy of which is available on the Company's website. The Policy sets out the manner in which information is communicated to shareholders so that they are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	
	A = Adopted		
	N/A = Not Adopted		

For personal use only

	ASX Principle	Status	Reference/comment
	<b>Principle 7: Recognise and manage risk</b>		
7.1	Companies should establish policies for the oversight and management of material business risks	A	The Company has established an Audit and Risk Committee to monitor and review on behalf of the Board the system of risk management which the Group has established. This system aims to identify, assess, monitor and manage operational and compliance risks.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	N/A	The Board determines the Group's 'risk profile' and has delegated to the Audit and Risk Committee the responsibility for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control.  The Audit and Risk Committee will report to the Board on this system of risk management and make appropriate recommendations to ensure the adequacy of the system.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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 respects in relation to financial reporting risks	A	The Board has received the required assurance and declaration.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	A	
	<b>Principle 8: Remunerate fairly and responsibly</b>		
8.1	The board should establish a remuneration committee	A	
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	A	The Company has established a Remuneration & Nomination Committee consisting of three non-executive directors (Anna Mao, Dr Zhen Huang and Michael Atkins). All of whom are independent.
	• is chaired by an independent director	A	The Company has established a Remuneration & Nomination Committee consisting of three non-executive directors (Anna Mao, Dr Zhen Huang and Michael Atkins). All of whom are independent.
	• has at least three members	A	
	A = Adopted		
	N/A = Not adopted		

For personal use only

ASX Principle	Status	Reference/comment
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	The Remuneration Committee operates under the Remuneration Committee Charter. The Charter states the Remuneration Committee should consider and make recommendations to the Board on the remuneration for each executive Director having regard to the executive remuneration policy.
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8	A	The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

A = *Adopted*  
N/A = *Not adopted*