

The Board are responsible for the overall strategy, governance and performance of Anova Metals Limited (“the Company”). The Board has adopted a framework which it considers to be suitable given the size, history and strategy of the Company.

In March 2014, the Australian Securities Exchange (“ASX”) Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations (“Recommendations”). To the extent they are applicable, and given its circumstances, the Company has adopted the recommendations of the third edition. Where the Company’s governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where the Company’s governance practices depart from a recommendation, the Board has offered a disclosure and reason for the departure from the recommendation, in compliance with the “if not, why not” regime.

This statement summarises the Company’s compliance with the new Recommendations.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **Recommendation 1.1 Role of Board and Management**

The Board considers that the essential responsibility of directors is to oversee the Company’s activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of the Company’s business is delegated to the executive directors, who are accountable to the Board.

Further, the Board takes specific responsibility for:

- Contributing to the development of and approving corporate strategy;
- Appointing, assessing the performance of and, if necessary removing the executive directors;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- Overseeing and monitoring:
  - Organisational performance and the achievement of strategic goals and objectives
  - Compliance with the Company’s code of conduct
  - Progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;
- Monitoring financial performance including approval of the annual, half yearly and quarterly reports and liaison with the auditor;
- Ensuring there are effective management processes in place, including reviewing and ratifying systems of risk identification and management, ensuring appropriate and adequate internal control processes, and that monitoring and reporting procedures for these systems are effective;
- Enhancing and protecting the Company’s reputation;
- Approving major capital expenditure, capital management, acquisitions and divestments;
- Reporting to shareholders;
- Appointment of directors; and
- Any other matter considered desirable and in the interest of the Company.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. In broad terms, the Board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders’ wealth and other interests. The

Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

Senior executives are responsible for the ongoing management of the Company's operations and reporting to the Board. They are accountable for all functions that are necessary to the operations of the Company and not specifically reserved to the Board. Senior executives' performance is reviewed on a regular basis by the Board.

A copy of the Board Charter is available on the Company's website.

#### **Recommendation 1.2 Director Checks**

The Company has in place a policy that it will perform appropriate checks on all potential directors. This will potentially include undertaking background and other checks before appointing a person or putting them forward to shareholders as a candidate for election as a director. The Company also provides information on the length of time in office for those seeking re-election as well information about relevant qualifications, skills and experiences.

#### **Recommendation 1.3 Written Agreement with each Director and Senior Executive**

All non-executive directors are engaged by the Company under letters of appointment and senior executives are engaged under executive service agreements. These agreements detail the roles and responsibilities of the individual.

Details of the letters of appointment and service contracts for senior executives are provided in the Remuneration Report within the Annual Report.

#### **Recommendation 1.4 Company Secretary**

The appointment and removal of a Company Secretary is a matter reserved for decision by the Board.

The Company Secretary has a direct line of communication with all directors, and is responsible for supporting the proper functioning of the Board which includes providing advice on governance and procedural issues, the preparation of Board papers and minutes, attendance at Board meetings and maintaining policies and procedures.

#### **Recommendation 1.5 Diversity Policy**

The Company has not established a formal policy in relation to diversity. The board believes that given the size and nature of the Company's activities, and the existing diversity profile of the organisation, that an informal approach is appropriate at this time. Senior management roles and positions are filled by the best candidates available without discrimination. The Company aims to increase diversity in senior appointments as positions and appropriate candidates become available.

The Company is committed to a workplace environment that promotes diversity and recognises the key competitive benefits of recruiting, developing and retaining a talented, diverse and motivated workforce. The board recognises the benefits of diversity at board level, senior management level and within the organisation generally and recognises the organisational strengths, deeper problem solving ability and opportunity for innovation that diversity may bring.

The Company will review this position annually and, as activities expand, plans to establish a formal diversity policy and set measurable objectives for achieving diversity in relation to gender.

The proportion of women employees in the organisation as of 30 June 2017 is:

In whole organisation	15%
In senior executive positions	0%
On the Board	0%

#### **Recommendation 1.6 Board Performance Assessment**

Membership of the Board, its activities and composition, is subject to on-going review. Given the size of the Company and the management team, this process is managed informally by the directors. Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of Board evaluation is to identify ways to improve performance.

The Board has not conducted a formal performance assessment of the Board, including its Committees and individual directors, during the year. The Company will look to conduct a formal evaluation in the future.

### **Recommendation 1.7 Performance Evaluation of Senior Executives**

The performance of all directors is reviewed by the Chairman on an ongoing basis and any director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other board members.

The Company has established guidelines to identify the measurable and qualitative indicators of the director's performance during the course of the year. Those guidelines include:

- Attendance at all board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that director's position being reviewed; and
- Attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that director's position being reviewed.

There has been no formal performance evaluation of senior executives during the year. The Company will look to conduct a formal evaluation in the future.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

### **Recommendation 2.1 Nominations Committee**

The Board has established a Remuneration and Nomination Committee with a charter that sets out its roles, responsibilities, composition, structure and membership requirements.

The Committee's responsibilities under the charter include the following:

- assess the skills and competencies required on the Board
- from time to time assessing the extent to which the required skills are represented on the Board
- establishing processes for the review of the performance of individual directors and the Board as a whole
- establishing processes for the identification of suitable candidates for appointment to the Board
- recommending the appointment and removal of directors

The committee did not meet during the year ended 30 June 2017. A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.

### **Recommendation 2.2 Board Skills Matrix**

The Company supports the appointment of directors who bring a wide range of business and professional skills and experience. While the Company does not have a formal skills matrix it does consider director's attributes prior to any appointment. The qualifications, skills and experience for each director are included in the Directors' Report in the Annual Report. The Company will review the requirement for a skills matrix as it grows to ensure that it is in the best position to add expertise and experience that is relevant to the Company.

### **Recommendation 2.3 Directors' Independence**

An independent director is defined as a director that is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

The date of appointment and independence of each director is as follows. A profile of each director and their professional skills and expertise is included in the Directors' Report of the Annual Report.

<b>Name</b>	<b>Position</b>	<b>Date of Appointment</b>	<b>Independent</b>
Gregory (Bill) Fry	Executive Director	7 December 2013	No
Malcolm James	Non-Executive Chairman	10 September 2012	Yes
Alasdair Cooke	Non-Executive Director	8 August 2013	No
Geoff Laing	Executive Director	5 October 2017	No
John Davis	Non-Executive Director	5 October 2017	No

#### **Recommendation 2.4 Majority of Directors Independent**

The Company does not presently meet the requirements of Recommendation 2.4 as there is not a majority of independent directors. The Board believes this current structure is best suited to enable the Company to deliver shareholder value and manage the operations for a company of its size. The Company will continue to review its Board structure as it grows to ensure that it had the best structure in place to deliver value to its shareholders, key stakeholders and the communities in which it operates.

#### **Recommendation 2.5 Chairman and Chief Executive Officer / Managing Director**

The Company maintains a separation between the Chairman and Chief Executive Officer roles. Day to day management of the Company is the responsibility of the Executive Directors, Gregory (Bill) Fry and Geoff Laing, and the role of Chairman is filled by Malcolm James.

#### **Recommendation 2.6 Company Induction and Professional Development of Directors**

The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company, as well as educating them in the Company's policies and procedures.

The Company encourages directors to develop and maintain the skills and knowledge needed to perform their role as Directors.

### **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

#### **Recommendation 3.1 Code of Conduct**

The Company has a formal Code of Conduct which establishes the standards of behaviour expected of Directors and employees of the Company.

The Code of Conduct is based on the following principles:

- Act with honesty and integrity
- Respect the law and act accordingly
- Respect confidentiality and not misuse information
- Value and maintain professionalism
- Avoid conflicts of interest
- Strive to be good corporate citizens
- Have respect for each other

All directors and employees have a responsibility to report any suspected non-compliance with the Code of Conduct, during the period there were no instances reported to the Board or management.

A copy of the Code of Conduct is available on the Company's website.

### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

#### **Recommendation 4.1 Audit Committee**

The Board has established an Audit Committee with a charter that sets out its roles, responsibilities, composition, structure and membership requirements.

The Committee's responsibilities under the charter include the following:

- Oversee the Company's financial reporting
- Reviewing internal control and recommending enhancements;

- Monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- Improving the quality of the accounting function;
- Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner; and
- Reviewing the performance of the external auditors on an annual basis and nomination of auditors is at the discretion of the Board.

Due to the size and structure of the Company, the Audit Committee consists of both Executive and Non-Executive Directors and therefore the Company is not fully compliant with Recommendation 4.1.

Name	Position	Independent
Malcolm James	Committee Chairman	Yes
Alasdair Cooke	Member	No

The relevant qualifications of the committee members forms part of the Director's Report in the Annual Report.

The committee met twice during the year ended 30 June 2017. A copy of the Audit Committee Charter is available on the Company's website.

#### **Recommendation 4.2 Declarations from the CEO and CFO**

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) provide a declaration in accordance with section 295A of the Corporations Act to the Board that, in their opinion, the financial records of the Company have been properly maintained and that the Company's financial reports comply with the appropriate accounting standards and present a true and fair view of the Company's financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **Recommendation 4.3 External Auditors**

The Board requires that a representative of the external auditor attend the Company's AGM. The auditor is available to answer shareholder questions about the conduct of the audit, the preparation and content of the auditor's report and the accounting policies adopted by the Company.

### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

#### **Recommendation 5.1 Continuous Disclosure Policy**

The Company has a formal Continuous Disclosure Policy as required by Recommendation 5.1. This policy was introduced to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring the Company and individual officers do not contravene the Corporations Act or ASX Listing Rules. A full copy of this policy can be found on the Company's website.

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Therefore, to meet this obligation the Company undertakes to:

- Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the company's securities, unless that information is not required to be disclosed under the listing rules;
- Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and

- Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Executive Director and Company Secretary are responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all Directors, officers and employees of the Company coordinate disclosures through the Company Secretary, including:

- Media releases;
- Analyst briefings and presentations; and
- The release of reports and operational results.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **Recommendation 6.1 Information on Website**

The Company provides information about itself and its governance to investors via its website and has a "Corporate Governance" section where all relevant corporate governance information can be accessed.

The Company's Constitution, committee charters and relevant Corporate Governance Policies are all listed on the Corporate Governance section of the website.

The Company website also includes copies of its annual reports and financial statements, ASX announcements, Notice of Meetings as well as an overview of the Company's business activities.

### **Recommendation 6.2 Investor Relations Program**

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company. The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company. The Company actively engages with shareholders, meeting them on request and responding to any enquires that they make from time to time.

The Company's full policy on shareholder communication can be found on the Company's website.

### **Recommendation 6.3 Participation at Meetings of Shareholders**

The Company has policies and procedures in place which enable shareholders to receive the reports and participate in shareholder meetings by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed for voting at the AGM. Shareholders can make an election to receive a copy of the Company's Annual Report by mail; otherwise the Annual Report is available on the Company's website. Shareholders are encouraged at AGMs to ask questions of directors, senior management as well as the Company's external auditors who are required to be in attendance.

### **Recommendation 6.4 Electronic Communication**

The Company and its registry have the capability to communicate with shareholders electronically through our website and email. Details are provided on the Company's website.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1 Risk Committee**

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board. The Company has an integrated framework of control based on formal procedures and appropriate delegation of financial and other authorities. The executive directors and senior management have responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management. The Board has established a formal policy to effectively recognise and manage risk.

Due to the size and structure of the Company, currently all functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the Board as a whole.

A copy of the Risk Management and Internal Control policy is available on the Company's website.

### **Recommendation 7.2 Annual Risk Review**

The Company continually reviews its risk management framework as required. The Board is regularly briefed and involved in discussions in relation to risks facing the Company. During the period no formal annual review was conducted.

### **Recommendation 7.3 Internal Audit**

Due to the size and structure of the Company there is currently no formal internal audit function.

The Company's management periodically undertakes an internal review of financial systems and processes and where systems are developed. The Audit Committee also considers reviews of specific areas and monitors the implementation of system improvements.

### **Recommendation 7.4 Economic, Environmental, Social Sustainability Risks**

The Company continually reviews economic, environmental and social sustainability risks in the areas in which it operates. Risk areas include the impact on the environment through exploration activities, sovereign risk, currency risk and commodity price risk. During the period there were no risks which the Company considered material, however this is subject to change as circumstances dictate.

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

### **Recommendation 8.1 Remuneration Committee**

The Board has established a Nomination and Remuneration Committee with a charter that sets out its roles, responsibilities, composition, structure and membership requirements. The Remuneration Committee is to make recommendations to the Board about the remuneration of executive and non-executive directors as well as senior management of the Company.

Due to the size and structure of the Company, the Remuneration Committee consists of both executive and non-executive directors and therefore the Company is not fully compliant with Recommendation 8.1.

<b>Name</b>	<b>Position</b>	<b>Independent</b>
Malcolm James	Committee Chairman	Yes
Alasdair Cooke	Member	No

The relevant qualifications of the committee members forms part of the Director's Report in the Annual Report.

The committee met once during the year ended 30 June 2017. A copy of the Nomination and Remuneration Committee Charter is available on the Company's website.

### **Recommendation 8.2 Disclosure of Remuneration Policies and Practices**

The Remuneration Committee's role is to review and recommend remuneration for directors and senior management, review remuneration policies and practices and incentive schemes in accordance with the Remuneration Committee Charter.

The Company's remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Further details on the Company's remuneration practices with regard to directors are contained within the Remuneration Report which forms part of the Director's Report in the Annual Report.

### **Recommendation 8.3 Policy on Equity Based Remuneration Scheme**

The Company has a Trading Policy which applies to all directors, employees and consultants. This policy provides a brief summary of the law on insider trading and other relevant laws and establishes a best practice procedure relating to dealing in the Company's securities.

In accordance with the Trading Policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

A copy of the Trading Policy is available on the Company's website.