



# Corporate Governance Statement

Approved by the board on 28 September 2020

# Corporate Governance Statement

---

The Directors and management of Zeta Resources Limited (“the company”) and its subsidiaries (collectively “the Group”) are committed to conducting the Group’s business in an ethical manner and in accordance with the highest standards of corporate governance. The company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations (Third Edition)* (“Recommendations”) to the extent appropriate to the size and nature of the Group’s operations.

The company has prepared this statement which sets out its corporate governance practices that were in operation throughout the financial year ended 30 June 2020, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The company’s corporate governance policies and charters and policies are all available on the company’s website (<https://zetaresources.limited>) (“Website”).

---

## Principle 1 – Lay solid foundations for management and oversight

1.1 A listed entity should disclose:

- (a) the respective roles and responsibilities of its and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

The board has adopted a Board Charter which establishes the role of the board and its relationship with its Investment Manager, ICM Limited.

### Role of the board

The primary role of the board is the protection and enhancement of long-term shareholder value. Its responsibilities include the overall strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals.

The principal roles and responsibilities of the board includes:

- setting the objectives and direction of the company;
- monitoring operational and financial performance;
- assessing and managing risks and compliance with the regulatory standards;
- oversight and assessment of the performance of the Investment Manager;
- appointment of the company secretary and oversight of responsibilities delegated to the company secretary;
- evaluate the performance of the Investment Manager and the board; and
- setting the ethical standards for the company.

### Role of management

The Investment Manager is responsible for the management and day-to-day affairs of the Group under delegated authority from the board via an Investment Management Agreement dated 3 June 2018. Further details of the responsibilities of the board and the Investment Manager can be found in the Board Charter which is posted on the Website.

1.2 A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) 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 ensures that when seeking new appointments it undertakes appropriate screening checks on potential candidates, and seeks confirmation from them that they will have sufficient time to fulfil their responsibilities as a director. Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks.

The company provides information to shareholders about directors seeking re-election at the annual general meeting to enable shareholders to make an informed decision on whether or not to re-elect the director, including the director’s relevant qualifications and experience and the skills they bring to the board; details of any other listed directorships held by the director in the preceding three years; the term of office already served by the director;

whether the director is considered to be independent; and a recommendation by the board in respect of the re-election of the director.

The company will, in the case of a candidate standing for election as a director for the first time, provide information to shareholders about the candidate to enable them to make an informed decision on whether or not to elect the candidate, including material adverse information revealed by any checks the board has performed on the candidate; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to exercise independent judgement on board matters or to act in the best interests of the company and its shareholders generally; the board's view on whether the candidate will be considered to be an independent Director; and a recommendation by the board in respect of the election of the candidate.

In the past year, the board undertook the recruitment of an additional non-executive director. Mr André Liebenberg was appointed to the board on 30 December 2019. As part of the recruitment process all necessary background checks were made to the satisfaction of the board.

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

The company has a written agreement in place with each director which sets out the terms of their appointment. Any material variations to these agreements will be disclosed to the ASX to the extent required by the ASX Listing Rules. The company does not employ any executive directors and senior executives.

1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company secretary is accountable to the board through the chair of the board, on all matters relating to the proper functioning of the board. All directors have access to the company secretary.

The decision to appoint or remove the company secretary is to be made or approved by the board as per the Board Charter (clause 3.4).

1.5 A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
  - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The board has a Diversity Policy which was approved by the board on 30 August 2019.

In fulfilling the objectives of the Diversity Policy, the board must ensure:

- (a) to include diversity objectives in the board's recruitment process, performance evaluations and succession planning process;
- (b) that a diverse pool of qualified candidates is considered in the recruitment process;
- (c) that there will be appropriate male and female representation on the board; and
- (d) that the Investment Management Company, ICM Limited, is advised that it has a responsibility for fulfilling the obligations of a diversity policy.

## Objectives and Reporting for 2019/20

The measurable objectives as at the date of this statement were as follows:

### 1. Board Recruitment Process

Over the past year, the board recruited and appointed André Liebenberg to the board. Mr Liebenberg's appointment was approved by shareholders at the Annual General Meeting of the Company held on 30 December 2019.

As part of the selection criteria for potential board candidate(s), the composition of the board was monitored (both in respect of size, diversity and membership) to ensure that the board has a balance of skill and experience appropriate to the needs of the Company. The board then identified candidates with appropriate expertise and experience.

All board appointments are ultimately based on merit which will take into consideration the person's experience and ability to deliver the corporate goals of the Company.

### 2. Board Performance Evaluations

The board has carried out its annual evaluation process of directors and has reviewed the skills matrix. The board is satisfied with the current mix of gender, skills and the overall performance of directors.

### 3. Board Gender Representation

The board has determined that it has a target of a minimum of one female and one male director on the board. The number of female non-executive directors currently on the board is 25% of the total number of non-executive directors. Xi Xi has been a director of the board since her appointment on 7 June 2013 and subsequent re-elections at the Company's AGM's held in 2014 and 2017.

### 4. Investment Manager – ICM Limited

The board has advised the Investment Manager, ICM Limited, that it has an ongoing responsibility for fulfilling the obligations of a diversity policy and has received confirmation from it that it has established an Equal Opportunity and Diversity Policy.

A copy of the Diversity Policy can be found on the Website.

- 1.6 A listed entity should:
- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
  - (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board Charter requires the board to review its performance annually and to undertake a formal annual review of its overall effectiveness, including that of any committees.

The board reviews its performance in the context of the company's objectives, results and the achievements of the Investment Manager. The board ensures that each director has the necessary skills, experience and expertise, and the mix remains appropriate for the board to function effectively. As a result of these performance reviews, the board may implement changes to improve the effectiveness of the board and corporate governance structures. Independent professional advice may be sought as part of this process.

As required by clause 2.5 of the Board Charter, the board undertook a review of its performance at a meeting held on 24 October 2019.

- 1.7 A listed entity should:
- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
  - (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The company does not have executive directors and senior executives. The company's day-to-day business is undertaken by the Investment Manager, under the terms of the Investment Management Agreement.

During the year ended 30 June 2020 the board undertook a review of performance of the Investment Manager as required by clause 2.5 of the Board Charter.

## Principle 2 – Structure the board to add value

- 2.1 The board of a listed entity should:
- (a) have a nomination committee which:
    - (1) has at least three members, a majority of whom are independent directors; and
    - (2) is chaired by an independent director, and disclose:
    - (3) the charter of the committee;
    - (4) the members of the committee; and
    - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
  - (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The board has not established a formal nomination committee. In order to meet the requirements of 2.1(a)(1), the committee would need to comprise the board in its entirety given that up until the end of 2019 the board comprised three directors

Where necessary, the board seeks advice of external advisers in connection with the suitability of applicants for board membership. Any new directors will be selected according to the needs of the company at that particular time, the composition and the balance of experience on the board, as well as the strategic direction of the company. During the year ended 30 June 2020, the board appointed Mr André Liebenberg as a non-executive director. As part of the recruitment process all necessary background checks were made to the satisfaction of the board.

- 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The board aims to be comprised of directors which have, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to the company's business and the board's responsibilities. This objective is enumerated in the board charter, which additionally requires that the majority of the board should, to the extent practicable, be comprised of independent directors. The board has achieved this particular membership objective.

The following table sets out the mix of skills and experience the board considers necessary or desirable in its directors and the extent to which they are represented to the board as assessed by the board on 25 September 2020.

<b>Skills and experience</b>	<b>No. of Directors</b>	<b>Rating High/Med/Low</b>
<p><b>Executive leadership</b> Sustainable success in business at a very senior executive level in a successful career.</p>	4	High-High-High-Medium
<p><b>Global experience</b> Senior management or equivalent experience in multiple global locations, exposed to a range of political, cultural, regulatory and business environments.</p>	4	High-High-High-High
<p><b>Governance and Board</b> Prior experience as a board member, industry or membership of governance bodies.</p>	4	High-High-High-Medium
<p><b>Acquisitions</b> Experience in M&amp;A and implementation.</p>	4	High-High-High-Medium
<p><b>Strategy/Risk</b> Track record of developing and implementing a successful strategy, including appropriately probing and challenging management on the delivery of agreed strategic planning objectives.  Track record in developing an asset or business portfolio over the long term that remains resilient to systemic risk.</p>	4	High-Medium-Medium-Medium
<p><b>Financial acumen</b> Senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.</p>	4	High-Medium-Medium-Medium
<p><b>Capital projects</b> Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons.</p>	3	High-Medium-Medium
<p><b>Sustainability and Stakeholder Management</b> Experience related to workplace health and safety, environmental and social responsibility, human resources, industrial relations and community relations.</p>	2	High-Medium
<p><b>Remuneration</b> Board Remuneration Committee membership or management experience in relation to remuneration, including incentive programs and pensions/superannuation and the legislation and contractual framework governing remuneration.</p>	4	High-High-High-Low
<p><b>Natural Resources Sector [Mining, Oil &amp; Gas]</b> Senior executive experience in a large natural resources organisation combined with an understanding of the Company's corporate purpose to create long-term shareholder value through investment in entities involved in the discovery, acquisition, development and marketing of natural resources.</p>	3	High-High-Low
<p><b>Marketing</b> Senior executive experience in marketing and a detailed understanding of the Company's corporate purpose to create long-term shareholder value through the investment in the natural resources sector.</p>	4	Low-Low-Low-Low
<p><b>Public policy</b> Experience in public and regulatory policy, including how it affects corporations.</p>	3	Low-Low-Low

2.3 A listed entity should disclose:

- the names of the directors considered by the board to be independent directors;
- if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- the length of service of each director.

The board comprises the following directors:

Name	Date of Appointment	Length of Service
Martin Botha	7 June 2013	7 years
André Liebenberg	30 December 2019	6-months
Peter Sullivan	7 June 2013	7 years
Xi Xi	7 June 2013	7 years

All directors are non-executive directors.

The board has considered the circumstances of each director and determined that all are independent as described in box 2.3 of the Recommendations.

The *Corporations Act 2001 (Cth)*, the Bermudan Companies Act 1981, the company's Bye-Laws and the board meeting process require directors to advise the board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual independence. If the board determines that a director's status as an independent director has changed, that determination will be disclosed and explained in a timely manner to the market.

2.4 A majority of the board of a listed entity should be independent directors.

All current members of the board are determined to be independent.

The board has adopted a series of safeguards to ensure that independent judgement is applied when considering the business of the board:

- Directors are entitled to seek independent professional advice at the company's expense. Prior written approval of the chairman is required which will not be unreasonably withheld.
- Directors having a conflict of interest with an item for discussion by the board must excuse themselves from a board meeting where such item is being discussed before commencement of discussion on such topic.
- The independent directors confer on a "needs" basis with the chairman with such discussion if warranted and considered necessary by the independent directors.

The board considers non-executive directors to be independent even if they have minor dealings with the company, provided they are not a substantial shareholder. Transactions with a value in excess of 5% of the company's annual operating costs are considered material. A director will not be considered independent if they are involved in transactions with the company that are in excess of this materiality threshold.

2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Mr Peter Sullivan was chairman of the company throughout the year ending 30 June 2020 and continues to be chairman to this date. Mr Sullivan is an independent director.

2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The company has procedures and policies in place to assist directors in fulfilling their responsibilities. As directors join the board, they are provided with all relevant information on the company's core values, key strategies, objectives, governance framework and operations, as well as the broader market in which the company operates.

The board also receives ongoing governance updates as required, including in relation to recent legislative and regulatory changes and developments in corporate governance. All directors have ongoing access to information on the company's operations. Each director, at any time, is able to seek reasonable independent professional advice on any business-related matter at the expense of the company. Directors also have access to adequate internal resources to seek any information from any officer or employee of the Group (if applicable), or to require the attendance of the Investment Manager at meetings to enable them as directors to fulfil their duties.

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

- 3.1 A listed entity should:
- (a) have a code of conduct for its directors, senior executives and employees; and
  - (b) disclose that code or a summary of it.

#### **Code of Conduct**

The board has established a Code of Conduct which articulates acceptable practices for directors and the Investment Manager to guide their behaviour and to demonstrate the commitment of the company to ethical practices.

The Code of Conduct is published on the Website and was reviewed and adopted by the board on 4 July 2017.

#### **Securities Dealing**

The board has established a Share Trading Policy to apply to trading in the company's securities on the ASX. This policy outlines the permissible dealing of the company's securities while in possession of price sensitive information and applies to all directors of the company, other designated persons and key management personnel.

The Share Trading Policy imposes restrictions and notification requirements, including the imposition of closed trading periods.

The Share Trading policy is published on the Website and was reviewed and adopted by the board on 17 June 2020.

### **Principle 4 – Safeguard integrity in corporate reporting**

- 4.1 The board of a listed entity should:
- (a) have an audit committee which:
    - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
    - (2) is chaired by an independent director, who is not the chair of the board, and disclose:
      - (3) the charter of the committee;
      - (4) the relevant qualifications and experience of the members of the committee; and
      - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
  - (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The board has not established a formal audit committee. The board reviews all financial information provided to shareholders and regulators and is committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects.

The board is responsible for appointing an external auditor, subject to the requirements of the Companies Act 1981 (Bermudan) and shareholder approval. The external auditor is appointed at the annual general meeting or at a subsequent special general meeting in each year. The term of appointment is for such term as the shareholders deem fit or until a successor is appointed.

The external auditor is expected to manage its audit team member to ensure adequate rotation of staff.

The board elected that Mazars South Africa be appointed as the company's external auditor at a meeting held on 6 February 2020. Mazars will hold this office until the next meeting of shareholders where are asked to vote on the auditor appointment.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO 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.

The board reviews the Group's half yearly and annual financial statements. The board requires that the Chairman and the Investment Manager state in writing to the board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The company does not have a Chief Executive Officer or Chief Financial Officer and so cannot receive declarations from such officers. The board considers that the declarations of the Chairman and the Investment Manager constitute adequate assurances from the management of the company to satisfy the requirements of Recommendation 4.2.

Prior to approving the company's financial statements for the 2020 reporting period, the board received from the Chairman and the Investment Manager the written declarations outlined above.

4.3 A listed entity that has an Annual General Meeting ("AGM") should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The board ensures that the external auditor is represented at the AGM by a suitably qualified member of the audit team who is in a position to answer questions about the audit. Shareholders are entitled, and encouraged, to submit a written question to the auditor that is relevant to the content of the auditor's report or the conduct of the audit.

At the Company's AGM held in December 2019, the external auditor, Deloitte & Touche, were available via teleconference to dial into the meeting to answer any questions.

## **Principle 5 – Make timely and balanced disclosures**

5.1 A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.:

The company has a documented policy which has established procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for that compliance. The focus of these procedures is 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 and improving access to information for all investors.

The chairman, the Investment Manager and the company secretary are responsible for interpreting the Group's policy and where necessary informing the board. The purpose of the procedures for identifying information for disclosure is to ensure timely and accurate information is provided equally to all shareholders and market participants. The Investment Manager is responsible for all communications with the ASX. The Continuous Disclosure Policy is published on the Website and was reviewed and adopted by the board on 4 July 2017.

During the past financial year, the company has remained committed to providing timely, full and accurate disclosure and to keeping its markets informed with release of the annual and half yearly reports to shareholders along with other news releases in relation to the ongoing activities of the company.

## **Principle 6 – Respect the rights of security holders**

6.1 A listed entity should provide information about itself and its governance to investors via its website.

The board informs shareholders of all major developments affecting the Group's state of affairs as follows:

- all relevant announcements made to the market are available to view on the Website after they have been released to ASX;
- publishing all corporate governance policies and charters adopted by the board on the Website;
- placing a monthly factsheet of information on the Website;
- releasing information provided to analysts or media during briefings to ASX and placing such information on the Website; and
- placing the full text of notices of meeting and explanatory material on the Website.

6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The company communicates with its shareholders and investors by posting information on the Website, and by encouraging attendance and participation of shareholders at general meetings. Investors are also able to provide feedback and seek further information about the company via the Website.

Management or directors meet with shareholders from time-to-time upon request and respond to any enquiries they may make.

Shareholders are able to raise any questions in relation to the content of the auditor's report or the conduct of the audit with the company's external auditor at the AGM.

The company also communicates with its shareholders via its share registry, Automic Pty Ltd. The registry provides shareholders with the option of receiving communications from and sending communications to it electronically, where appropriate, for reasons of speed, convenience, cost and environmental considerations.

6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Shareholders are encouraged to attend the company's AGM. The AGM is an opportunity for shareholders to hear the chairman provide updates on Group performance, ask questions of the board and vote on the various resolutions affecting the business. Shareholders are given an opportunity to ask questions of the company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.

The Company will choose a date, venue and time considered convenient to the greatest number of its shareholders.

6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Investors are able to communicate with the company by emailing the Investment Manager.

Investors are also able to communicate with the company's registry, Automic Pty Ltd, electronically by emailing the registry or via the registry's website.

Contact details for the Investment Manager and the company's registry can be found on the Website.

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

7.1 The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
  - (1) has at least three members, a majority of whom are independent directors; and
  - (2) is chaired by an independent director, and disclose:
    - (3) the charter of the committee;
    - (4) the members of the committee; and
    - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The board has not established a formal risk committee.

The board has responsibility for monitoring risk oversight and the Investment Manager reports on the status of business risks.

The board, in undertaking the function of a risk committee, is responsible for ensuring that:

- there are adequate policies for the oversight and management of material business risks to the Group;
- there are effective systems in place to identify, assess, monitor and manage the risks of the Group and to identify material changes to the Group's risk profile; and
- arrangements are adequate for monitoring compliance with laws and regulations applicable to the Group.

The directors' policies and processes for managing the financial risks are set out in the notes to the financial statements contained with the annual report. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk.

The board is satisfied that the Investment Manager has implemented a sound system of risk management and internal control.

7.2 The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

The Group has established policies and procedures to identify, assess and manage all material business and operational risks. The board has responsibility for monitoring risk oversight and ensures that the Investment Manager report on the status of business risks through risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. In addition, the board periodically reviews the risk management framework and policies of the Group and is satisfied that management has developed and implemented a sound system of risk management and internal control.

The board reviewed the risk management framework at its meeting held on 30 August 2019 and it was satisfied that it continues to be sound.

7.3 A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The board considers risk management in making all of its decisions at board meetings throughout the year to ensure that the significant risks facing the company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with, and to liaise with the Investment Manager to identify and manage risk.

The company does not have a separate internal audit function. The board believes that specific responsibilities for risk management are clearly communicated, understood and managed by it and the Investment Manager as appropriate. The board will monitor risks including but not limited to compliance with development and environmental approvals, tendering, contracting and development, pricing of products, quality, safety, strategic issues, financial risk, joint venture, accounting and insurance. Any changes in the risk profile for the company will be communicated to its stakeholders via an announcement to the ASX. The Group's risk management processes continue to be monitored and reported against on an ongoing basis.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Group's subsidiaries, Horizon Gold Limited and Kumarina Resources Pty Ltd, are both involved in the discovery and exploration of mineral deposits whose operations are subject to Australian environmental regulations. As a result, there is some potential for material exposure to economic, environmental and social sustainability risks.

Both entities are very aware of the potential for risk in this area and are committed to ensuring that sound environmental management and safety practices are carried out in their exploration activities.

They are committed to environmental sustainability, recognising their obligations to practice good environmental "stewardship" of the tenements on which they operate.

Their activities are conducted in a manner that minimises environmental impact as much as possible and are conducted strictly in accordance with all necessary permits and approvals from regulators.

## Principle 8 – Remunerate fairly and responsibly

8.1 The board of a listed entity should:

- (a) have a remuneration committee which:
  - (1) has at least three members, a majority of whom are independent directors; and
  - (2) is chaired by an independent director,and disclose:
  - (3) the charter of the committee;
  - (4) the members of the committee; and
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The company has four non-executive directors and does not have any employees and has not established a formal remuneration committee. The board considers the issues that would otherwise be a function of a remuneration committee.

The company's day-to-day business is undertaken by the Investment Manager which is paid a management and performance fee at the end of each quarter as calculated per the terms of the Investment Management Agreement. The performance of the Investment Manager is evaluated annually by the board.

8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Directors' fees are reviewed annually by the board. No director individually determines their remuneration. Details of directors' remuneration are set out in the company's annual report.

Details of the remuneration received by the Investment Manager is also detailed in the annual report.

8.3 A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

The company's non-executive directors do not receive any equity-based remuneration.