



Corporate Governance Statement

Approved by the board on 30 August 2019

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 2019, 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 board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

The board has adopted a charter which establishes the role of the board and its relationship with its Investment Manager. 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 functions and responsibilities of the board and management are consistent with ASX Principle 1. A copy of the board charter 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.

Presently, the board as a whole performs the function of a nomination committee.

It is the role of the board, in performing the function of a nomination committee, to identify suitable candidates to complement the existing board; to undertake appropriate checks on the candidate; and to seek confirmation from the candidate 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.

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

Each director is given a letter upon their appointment which outlines the director's role, duties, obligations, remuneration, expected time commitments and notification of the company's policies.

The company does not currently have executive directors and senior executives. The company's day-to-day business is undertaken by a management company, ICM Limited ("Investment Manager"), under the terms of an agreement between the Investment Manager and the company ("Investment Management Agreement").

The company will disclose the material terms of any employment, service or consultancy agreement it enters into with any executive director or senior executive in the future.

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, and 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 implemented a diversity policy which pertains solely to the board of directors given that the company does not have any employees. This policy came into effect after year-end and is not applicable to the 30 June 2019 reporting period. A copy of the Diversity Policy can be found on the Website.

As at 30 June 2019, the company did not have and currently does not have any employees or any 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. There is currently one female director on the board, Ms Xi Xi.

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 chairman evaluates the performance of each director and the board evaluates the performance of the chairman.

An informal performance evaluation for the individual directors, chair and board has taken place in the reporting period as required by clause 2.6 of the Board Charter.

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 currently 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. The board evaluates the Investment Manager annually as required by clause 2.6 of the Board Charter.

If the company hires senior executives in the future, the board intends to establish formal, quantitative and qualitative performance evaluation procedures.

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 there are only three directors on the board.

The board, as a whole, performs the function of a nomination committee. 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.

There were no nominations considered during the reporting period.

- 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.

Skills and experience	No. of Directors	Rating High/Med/Low
<p>Executive leadership Sustainable success in business at a very senior executive level in a successful career.</p>	3	High-High-Medium
<p>Global experience Senior management or equivalent experience in multiple global locations, exposed to a range of political, cultural, regulatory and business environments.</p>	3	High-High-High
<p>Governance and Board Prior experience as a Board member, industry or membership of governance bodies.</p>	3	High-High-Medium
<p>Acquisitions Experience in M&A and implementation.</p>	3	High-High-Medium
<p>Strategy/Risk 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>	3	High-Medium-Medium
<p>Financial acumen 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>	3	Medium-Medium-Medium
<p>Capital projects Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons.</p>	2	High-Medium
<p>Sustainability and Stakeholder Management Experience related to workplace health and safety, environmental and social responsibility, human resources, industrial relations and community relations.</p>	1	High
<p>Remuneration 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>	3	High-High-Low
<p>Natural Resources Sector [Mining, Oil & Gas] 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>	2	High-Low
<p>Marketing 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>	3	Low-Low-Low
<p>Public policy Experience in public and regulatory policy, including how it affects corporations.</p>	3	Low-Low-Low

2.3 A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) 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
- (c) the length of service of each director.

During the year, the board comprised three directors, Messrs Martin Botha and Peter Sullivan, and Ms Xi Xi. All directors are non-executive directors. All directors have held their positions since 7 June 2013.

The board has considered the circumstances of each director and determined that Mr Sullivan, Ms Xi Xi, and Mr Botha are all 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.

During the year, the board comprised three directors, Messrs Martin Botha and Peter Sullivan, and Ms Xi Xi, all of whom were independent.

In addition, 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 2019 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.

The board has established a Code of Conduct which articulates acceptable practices for directors, senior executives (if applicable) and employees (if applicable), 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.

The company also seeks to ensure that advisers, consultants and contractors aware of the company's expectations as set out in its Code of Conduct.

In addition, the board has established a Security 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 Security Trading Policy imposes restrictions and notification requirements, including the imposition of closed trading periods.

The Security Trading policy is published on the Website and was reviewed and adopted by the board on 5 November 2018.

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, having regard to the scope and size of the company's operations. The board acknowledges that when the size and nature of the company warrants the necessity of an audit committee, such a committee will operate under an audit & risk management committee charter which will have been approved by the board.

Presently, the board as a whole serves as an audit committee to the company and will continue to do so until a formal audit committee has been established.

The directors are 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.

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 directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects.

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 2019 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 November 2018, the external auditor, KPMG, 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, Security Transfer Registrars 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.

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, Security Transfer Registrars Pty Ltd, electronically by emailing the registry or via the registry's 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, having regard to the size of the company. The board acknowledges that when the size and nature of the company warrants the necessity of a formal risk committee, such a committee will operate under a risk management committee charter which will have been approved by the board.

Presently, responsibility for the day-to-day control and risk management lies with the Investment Manager (financial risk) with reporting responsibility falling to the board.

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

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 operations are not subject to any significant environmental regulations under the Commonwealth or State legislation.

Whilst the company has exposure to elements of risks relevant to the industry in which the company operates, the company does not consider, given the nature of its business, that it has any specific extraordinary exposure to economic, environmental and social sustainability risks.

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 board has not established a formal remuneration committee. In order to meet the requirements of 8.1(a)(1), the committee would need to comprise the board in its entirety given that there are only three directors on the board.

The board, in performing the function of the remuneration committee, reviews remuneration packages and practices applicable to the directors themselves, and to the Investment Manager. This role also includes responsibility for any share option schemes, incentive performance packages and retirement and termination entitlements. The board may obtain independent advice on the appropriateness of remuneration packages.

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.

Details of the directors' remuneration are set out in the remuneration report of the annual report. The company does not currently have any senior executives. 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 does not have an equity based remuneration scheme. Should the company adopt such a scheme in the future, equity based remuneration will only be made in accordance with thresholds set in plans approved by shareholders.