

---

## Overview

The Company's Board governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholder value. The Board is committed to, and ensures that the:

- (i) executive management runs the Group in accordance with a high level of ethics and integrity;
- (ii) Board and management comply with all applicable laws and regulations;
- (iii) Company continually reviews the governance framework and practices to ensure it fulfils its corporate governance obligations.

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. The Board endorses the ASX Corporate Governance Principles and Recommendations ('ASX CGP'), however, at this stage of the Company's corporate development, implementation of the ASX CGP is not practical in every instance given the modest size and scale of the Company's operations.

During the year ended 30 June 2019, the Company considered the 3<sup>rd</sup> Edition of the ASX CGP. This Statement reports on the revised recommendations and outlines the main corporate governance practices employed by the Board. Where it has not adopted a particular recommendation, an explanation is provided.

This Corporate Governance Statement was approved by the Board on 18 October 2019 and is current as at that date in accordance with ASX Listing Rule 4.10.3. The Corporate Governance Statement is published on the Company's website at [www.gulfmanganese.com](http://www.gulfmanganese.com).

## 1. Laying Solid Foundations for Management and Oversight

### *Role and Responsibility of Board and Management*

Broadly the key responsibilities of the Board include developing initiatives for profit and asset growth, setting strategic operational and financial objectives, and monitoring progress against those objectives; acting on behalf of, and being accountable to shareholders; identifying business risks and implementing actions to manage those risks and corporate systems to assure quality; reviewing the corporate, commercial and financial performance of the Company on a regular basis including;

- Overseeing the Company's commitment to the health and safety of employees and contractors, the environment and sustainable development;
- Appointing and removing the Managing Director, Company Secretary, and other senior executives, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan;
- Ensuring that there are effective Corporate Governance policies and practices in place;
- Approving the issue of any shares, options, equity instruments or other securities in the Company
- Appointment of external auditors and principal professional advisors and; and
- Formal determinations that are required by the Company's constitutional documents or by law or other external regulation.

Beyond these matters the Board has delegated all authority to the Managing Director for management of the Company's business within any limits imposed by the Board.

The responsibilities of the Board as a whole, the Chairman and individual Directors are set out in the Company's Board Charter and are consistent with ASX CGP 1. A copy of the Board Charter is available in the Corporate Governance section of the Company's website.

Before appointing a new director, the Company will undertake appropriate checks such as a character reference, police clearance certificate, bankruptcy check and any other check it deems appropriate. Where a director is to be re-elected or a candidate is put up for election to shareholders, all material information will be provided to shareholders for consideration.

To ensure that Directors clearly understand the requirements of their role, formal letters of appointment are provided to them. The content of the appointment letter is consistent with that set out in ASX CGP 1.

To ensure that Executives clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them, the content of which is consistent with ASX CGP1.

#### *Access to Information*

Directors may access all relevant information required to discharge their duties in addition to information provided in Board papers and regular presentations delivered by executive management on business performance and issues. With the approval of the Chairman, Directors may seek independent professional advice, as required, at the Company's expense.

#### *Company Secretary*

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The role of the Company Secretary is consistent with ASX CGP1.

#### *Diversity*

The Company has adopted a Diversity Policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. Given the size of the Company no measurable objectives have been established yet for achieving gender diversity. The Board will continue to monitor this and will, once the Company is producing, consider establishing appropriate measurable objectives. The proportion of women employees in the whole organisation is 27%.

There are no women in senior executive positions, nor on the Board.

#### *Board Performance*

Given the size of the Company, formal procedures for evaluating the performance of the board, committees and individual directors have not been developed. The Company conducts these aspects on an ongoing basis and takes corrective action if required.

During the reporting period, a performance evaluation of the Board was not undertaken.

#### *Senior Executive Performance*

The CEO undertakes an annual review of the performance of his direct reports and provides a report to the Board for consideration.

The Chairman undertakes regular review of the CEO and provides a report to the Board for consideration.

## **2. Structure of the Board**

#### *Board composition*

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three.

During the financial year ending 2018, the Board consisted of:

- Craig Munro (Chairman) – appointed 1 February 2016
- Hamish Bohannan (Managing Director) – appointed 1 February 2016
- Andrew Wilson (Non-Executive Director) – appointed 17 February 2016
- Sam Lee (Non-Executive Director) – appointed 21 July 2018 and resigned 20 November 2018
- Tan Hwa Poh (Non-Executive Director) – appointed 20 November 2018

There are currently four Directors appointed to the Board and their skills and experience, qualifications, term of office and independence status are set out in the Directors' Report.

*Nomination committee*

The Board has established a Remuneration and Nomination Committee to assist the Board in the discharge of its duties. Refer to 8 below for further information.

Given the number of Board members, the Board has decided to undertake the responsibilities normally undertaken by a Nomination Committee.

The Company will give consideration at an appropriate time in the Company's development, for the continuation of the Remuneration and Nomination Committee.

*Board succession/Board skills matrix*

The Board has adopted a Board skills matrix which identifies its collective mix of skills and diversity. The Board's collective skills include board of director experience, CEO succession planning, financial, fundraising, independence, industry knowledge, leadership, legal, lobbying/networking, marketing/PR, risk management and strategic planning.

During the financial year, the composition of the Board was regarded as balanced with a complementary range of skills, independence, diversity and experience to enable it to discharge its duties and responsibilities effectively.

*Director independence*

Refer to the table below in relation to the independence of directors during the financial year based on the definition of independence published in ASX CGP 2.

<b>Director</b>	<b>Independent</b>	<b>Independent Status</b>
Craig Munro	Yes	Independent
Hamish Bohannan	No	Executive of the Company
Andrew Wilson	Yes	Independent
Sam Lee	No	Holder of a convertible loan note to the Company
Tan Hwa Poh	Yes	Independent

*Independent Decision Making*

A majority of the Board members are independent which is consistent with ASX CGP 2. All Directors bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities and bring independent judgment to bear on their decisions.

The Board Charter sets out the criteria the Board uses to determine director independence. Materiality thresholds used to assess director independence are set out in the Board Charter.

The Board believes that the interests of the shareholders are best served by:

- The current composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report; and
- The Independent Directors providing an element of balance as well as making a considerable contribution in their respective fields of expertise.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgments:

- A standard item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- All Directors must act all times in the interest of the Company; and
- Independent Directors meet as required independently of executive management.

Adoption of these measures ensure that the interests of shareholders, as a whole, are pursued and not jeopardised by a lack of independence.

#### *Inducting new directors*

New Non-Executive Directors are provided with a pack of information and documents relating to the Company including the Constitution, Group structure, financial statements, recent Board papers and the various Board policies and charters. A site visit is arranged at an appropriate and cost effective time.

### **3. Ethical and Responsible Decision Making**

#### *Code of Conduct*

A Code of Conduct Policy is in place to promote ethical and responsible practices and standards for directors, employees and consultants of the Company to discharge their responsibilities. This Policy reflects the directors' and key officers' intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Standards of Conduct policy is available to all employees and is also available in the Corporate Governance section of the Company's website. The terms are consistent with ASX CGP3.

### **4. Integrity of corporate reporting**

#### *Audit & Risk Committee*

During the financial year, the Board had an Audit & Risk Committee to assist the Board in the discharge of its responsibilities.

The Audit & Risk Committee charter is available in the Corporate Governance section of the Company's website and the composition, operations and responsibilities of the Committee are consistent with ASX CGP 4.

Details of these Directors' qualifications and attendance at Audit & Risk Committee meetings are set out in the Company's Directors' Report.

Given the current number of Board members, the Board has decided to undertake the responsibilities normally undertaken by the Audit & Risk Committee.

The full Board undertakes all Audit & Risk Committee responsibilities which include the following:

- Reviewing and approving statutory financial reports and all other financial information distributed externally;
- Monitoring the effective operation of the risk management and compliance framework;
- Reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- The nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and

- Considering whether non audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The Company will give consideration at an appropriate time in the Company's development for the continuation of the Audit & Risk Committee.

#### *CEO/CFO Sign Off*

Before the Board approves the Company's financial statements it receives a declaration from its CEO and CFO in accordance with ASX CGP 4.

#### *External Auditor*

The lead audit partner responsible for the Group's external audit is required to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

### **5. Timely and balanced disclosure**

#### *Continuous Disclosure Policy*

The Company has a written policy on information disclosure that focuses 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.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP 5.

The Company Secretary has been nominated as the person responsible for communications with the Australia Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

### **6. Rights of Securityholders**

#### *Website*

The Company maintains a website at [www.gulfmanganese.com](http://www.gulfmanganese.com). The website contains information consistent with ASX CGP 6.

#### *Communication*

The Company's Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at general meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry, shareholder meetings and the annual report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website. The Company's annual reports are posted on the Company's website.

Shareholders are provided with the opportunity to question the Board concerning the operation of the Company at the annual general meeting. They are also afforded the opportunity to question the Company's auditors at that meeting concerning matters related to the audit of the Company's financial statements.

Shareholders are also encouraged and given the opportunity to receive electronic communications from, and send electronic communications to, the Company and its share registry.

## **7. Recognising and Managing Risk**

### *Risk Committee*

The Board has established an Audit & Risk Committee to assist the Board in the discharge of its responsibilities. Refer to 4 above.

Given the current number of Board members, the Board has decided to undertake the responsibilities normally undertaken by the Audit & Risk Committee.

### *Internal Audit*

The Company does not currently have an internal audit function. Once the Company is at a size and scale that warrants an internal auditor or nears production status, the Board, through the Audit & Risk Committee will be responsible for the appointment and overseeing of the internal auditor.

### *Exposure to Economic, Environmental and Social Sustainability Risks*

The Company's corporate ethics includes a strong focus on environmental responsibility. This approach is integral to ensuring the long-term sustainability of the Company's operations. Environmental policies have been established to ensure that its field operations comply with permits and licences, and have minimal impact on the surrounding environments.

A comprehensive Environmental Management and Monitoring Program details all environmental monitoring and reporting. Each construction, exploration and mining project has its own site specific environmental management plan.

An important key to the Company's current and future success is open communications with all stakeholders. The Company acknowledges its responsibility towards local communities and is committed to being a good neighbour.

Part of the Company's long-term approach towards community relations is to:

- Pursue mutual benefits for all involved;
- Improve the quality of life for neighbouring communities; and
- Working in partnership with the community and local level government to find solutions for any social impact resulting from its projects.

The Company is currently not materially exposed to economic, environmental and social sustainability risk.

## **8. Remunerating Fairly and Responsibly**

### *Remuneration and Nomination Committee*

The Board has established a Remuneration and Nomination Committee to assist the Board in the discharge of its duties.

The Remuneration and Nomination Committee Charter is available in the Corporate Governance section of the Company's website and the composition, operations and responsibilities of the Committee is consistent with the terms of ASX CGP 2 and 8.

Details of the Directors' qualifications and attendance at the Remuneration and Nomination Committee meetings are set out in the Directors' Report.

Given the number of Board members, the Board has decided to undertake the responsibilities normally undertaken by a Remuneration and Nomination Committee.

The Company will give consideration at an appropriate time in the Company's development, for the continuation of the Remuneration and Nomination Committee.

The Committee seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or

fresh perspective. It shall review the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operations of the Company.

Directors are re-elected, nominated and appointed to the Board in accordance with the Board's policy on these matters set out in the Charter, the Company's Constitution and ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered.

The Company's remuneration philosophy, objectives and arrangements are detailed in the Remuneration Report which forms part of the Directors' Report.

#### *Remuneration of Non-Executive Directors*

The annual total of fees payable to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. These fees are inclusive of statutory superannuation contributions. No retirement benefits are paid to Non-Executive Directors.

During the financial year, equity-based incentive was provided to the Non- Executive Directors following shareholders' approval.

#### *Remuneration of Executive Management*

Remuneration packages for Executive management are generally set to be competitive so as to both retain executives and attract experienced executives to the Company. Packages comprise a fixed (cash) element and variable incentive components. Payment of the variable components will depend on the Company's financial and the executive's personal performance.

#### *Equity-based Remuneration Scheme*

The Company has an equity-based remuneration scheme. The Company's Securities Trading Policy provides that participants in the scheme must not enter into any transactions which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested scheme entitlement.

The Securities Trading Policy is located on the Company's website.