

## 2019 CORPORATE GOVERNANCE STATEMENT

It is the responsibility of the Board of Directors of Jindalee Resources Limited to monitor the business affairs of the Company and to protect the rights and interests of the shareholders. The Board believes that high standards of corporate governance are an essential prerequisite for creating sustainable value for shareholders. This statement sets out the Company's main corporate governance policies and practices. All these practices, unless otherwise stated, were in place for the entire year ended 30 June 2019. The policies and practices have aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the Company's resources, functions and assets.

The Company's most significant governance policies are available on the Company's website [www.jindalee.net](http://www.jindalee.net)

### **ASX Corporate Governance Council Corporate Governance Principles and Recommendations** ("ASX Guidelines")

#### **Principle 1: Lay solid foundations for management and oversight**

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

The Board is responsible for the overall corporate governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the Board, all issues are considered by the full Board which currently consists of four Directors.

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, reviewing and monitoring systems of risk management, internal control and compliance and the adherence to Company policies.

A copy of the Board Charter outlining the respective roles and responsibilities of the Board and management is available on the Corporate Governance page of the Company's website.

##### **Recommendation 1.2** – Director checks

The Company performs checks on all potential Directors which include checks on a person's character, experience, education, criminal record and bankruptcy history. Potential Directors are required to provide their consent for the Company to conduct any background or other such checks and also acknowledge they will have sufficient time available to fulfill their responsibilities as Director of the Company.

Newly appointed Directors must stand for reappointment at the next Annual General Meeting (AGM) of the Company. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details regarding the length of their tenure, relevant skills and experience.

##### **Recommendation 1.3** – Written agreements with Directors and Senior Executives

The appointment of Non-executive Directors is formalised in accordance with the requirements of the *Corporations Act 2001* and the Company's constitution.

On appointment to the Board, all Non-executive Directors enter into a written service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of Director. Remuneration and other terms of employment for the Managing Director and other Executive Directors and Senior Managers are formalised in service agreements which are summarised in the Remuneration Report within the Annual Report.

**Recommendation 1.4 – Company Secretary**

The Company currently has two Company Secretary’s Mr Greg Ledger and Mrs Trish Farr. Details of their qualifications and experience are provided in the Directors’ Report contained within the Annual Report.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary.

The decision to appoint or remove the Company Secretary is made and approved by the Board.

**Recommendation 1.5 – Diversity**

The Company acknowledges the importance of diversity within the organisation and recognises the advantages arising from a workforce comprising individuals with diverse backgrounds, skills, age and experience. The benefits of promoting a diverse workforce include providing a broader pool of high quality employees, improving employee retention, accessing different perspectives, ideas and innovation as well as the benefits resulting from utilising all available talent. Accordingly the Company has established a diversity policy, a copy of which can be found on the Company’s website. In accordance with this policy, the Board provides information pertaining to the proportion of women employees across the organisation:

	Actual	
	Number	Percentage
Number of women employees in the whole organisation	1	25%
Number of women in senior executive positions	1	25%
Number of women on the Board	1	25%

The Company has not fully complied with recommendation 1.5 in setting measurable objectives for achieving gender diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company as disclosed above. Due to the small size of the Company, its level of activity and its small number of employees, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

**Recommendation 1.6 – Assessment of Board Performance**

The Board has a policy for evaluating the performance of the Board and its Directors. The process for evaluating the performance of the Board is undertaken internally without the use of external facilitators. The evaluation process is managed by an independent non-executive director with feedback received from the Chairman. This review involves the performance of the Board against agreed strategic goals. A review of Board Performance took place during the year with the results tabled and discussed at a subsequent meeting of Directors.

The Board considers its processes for reviewing performance of the Board appropriate for the size and stage of development of the Company. Shareholders are also able to assess the performance of the Board and individual Directors by the way they govern and manage the Company and vote for or against their re-appointment at the AGM.

### Recommendation 1.7 – Performance evaluation of senior executives

The Board reviews the performance of senior executives against appropriate measures relating to their respective roles and responsibilities. These reviews are done at least annually and more often when deemed necessary. A review was undertaken during the reporting period in accordance with this process.

## **Principle 2: Structure the Board to add value**

### Recommendation 2.1 – Nomination Committee

The ASX Guidelines recommend listed entities should establish a nomination committee.

The Company has not complied with recommendation 2.1 as it does not have a separately established nomination committee structured in accordance with the principles, however responsibilities of the full Board include the duties and responsibilities typically delegated to such a committee. Given the size and the Company's current stage of development, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

When a new Director appointment is to be made the remaining Board members will seek a candidate that has relevant industry experience, time available to devote to the position of Director and appropriate skills and expertise that will increase or enhance board diversity and effectiveness. Following such an appointment that Director will stand for re-election by Shareholders at the next AGM. The only publicly available policy for the nomination and appointment of Directors is this corporate governance statement.

### Recommendation 2.2 – Board skills matrix

The Company seeks to ensure membership to the Board comprises an appropriate and diverse mix of skills and experience to discharge its duties effectively and oversee the business of the Company. A board skills matrix has been prepared and was reviewed by the Board during the financial year.

The Board Skills Matrix utilised by the Company sets out the mix of skills, experience and expertise the Board currently has across its membership. As well as general skills expected for Board membership, the matrix includes skills or professional qualifications in areas such as: geology, mining, commerce, law, risk & compliance, finance/accounting, capital markets and strategy. Each of these areas is currently well represented on the Board.

### Recommendation 2.3 – Directors Independence

Mr Justin Mannolini is currently the only independent Non-executive Director of the Company.

Mr Mannolini was appointed Chairman of the Board on 1 July 2016.

The skills, length of tenure, experience and expertise relevant to the position held by each Director is disclosed below:

<b>J Mannolini B.Com/LLB (Hons), LLM (Law), GAICD. Non-Executive Chairman</b>	
Experience and expertise	<p>Mr Mannolini was appointed to the Jindalee Board as a Non-Executive Director in September 2013 and as Chairman in July 2016. Mr Mannolini is a partner in the Corporate Advisory Group of Australian law firm Gilbert + Tobin. He was an Executive Director with Macquarie Capital, the investment banking division of the Macquarie Group from March 2013 to May 2016 and was responsible for cross-industry coverage of the Western Australian market. Prior to joining Macquarie, Mr Mannolini was Managing Director and head of Gresham Advisory Partners' Perth office, and before that, a partner in the mergers and acquisitions group of Australian law firm Freehills. In May 2016 Mr Mannolini was appointed to the board of the Northern Australia Infrastructure Facility, a \$5B fund set up by the Australian Government to encourage population growth and economic development in northern Australia. As a lawyer and investment banker, Mr Mannolini has more than 20 years experience in corporate finance ranging across industry sectors and product lines, including mergers and acquisitions transactions and general strategic advisory mandates for companies in the resources sector.</p> <p>Mr Mannolini was appointed a Director on 30/09/2013.</p>
Special responsibilities	Chair of the Board (effective 1 July 2016).

<b>P Darvall BM.Sc.(Geology), MBA, GAICD Managing Director</b>	
Experience and expertise	<p>Mr Darvall is a geologist with exploration experience across a range of commodities, in Australia, PNG and the USA. From 2010 to 2014 he was Exploration Manager for Atlas Iron overseeing a rapid growth in Atlas' resource base, before starting his own consultancy company specialising in resource project evaluation and management. Mr Darvall has a MSc (Geology) from Monash University, an MBA from Curtin University and is a graduate of the AICD Company Directors Course. Mr Darvall is also a member of the AusIMM, AIG and SEG.</p> <p>Mr Darvall was appointed Managing Director on 28/05/2018.</p>
Special responsibilities	Managing Director.

<b>L Dudfield BSc. Executive Director</b>	
Experience and expertise	<p>Mr Dudfield is a qualified geologist with over 38 years experience exploring for gold and base metals in Australia and abroad, including close involvement with a number of greenfields discoveries. Mr Dudfield is a member of the AusIMM, SEG, AIG and GSA. He is a founding Director of Jindalee Resources and was Managing Director until 28 May 2018.</p> <p>Mr Dudfield was appointed a Director on 22/01/1996.</p>
Special responsibilities	None.

<b>P Farr GradCertProfAcc. FGIA/FCIS, GAICD Executive Director/Joint Company Secretary</b>	
Experience and expertise	Ms Farr is an experienced Chartered Secretary with over 20 years experience in the exploration and mining industry in the areas of corporate governance, compliance and administration. Ms Farr provides Company secretarial services to several ASX listed companies including Musgrave Minerals Limited and prior to that Energy Metals Limited and Fox Resources. Mrs Farr is a graduate member of the Australia Institute of Company Directors, fellow member of Governance Institute of Australia (formerly Chartered Secretaries Australia) and the Institute of Chartered Secretaries and Administrators. Mrs Farr was appointed to the Jindalee Board in 2008.
Special responsibilities	None.

The Directors may, in fulfilling their duties, obtain independent professional advice at the Company's expense, however prior notification by the Director to the Board is required.

**Recommendation 2.4** – A majority of the Board should be independent Directors

The ASX Guidelines recommend that a majority of the Board should be independent Directors. The ASX guidelines define independence as not being a member of management and being free from any business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independent judgement to act in the best interests of the Company.

In considering the Corporate Governance Councils definition of independence and recommendation that a majority of Directors and the Chair be independent, the Company has not complied with recommendation 2.4 (bearing in mind that in determining independence the Company is required to take into account reasonable perceptions as well as actual facts and circumstances) by virtue of Directors' substantial shareholdings in the Company or their employment status.

It is considered that in the present circumstances of the Company and its current size and stage of development, that the Board is of a sufficient size and comprises a diverse mix of persons with appropriate qualifications, commitment, skills and experience to govern the Company and that the costs involved in appointing additional Non-executive Directors in order to comply with the recommendation would outweigh the benefit of making such appointment. The Board will consider the appointment of additional Non-executive Directors where required by law, if an outstanding candidate is identified or if it is considered that additional expertise is required in specific areas as the Company develops.

**Recommendation 2.5** – The Chair should be an independent Director

The Company's Chairman, Mr Justin Mannolini is an independent director and was appointed to the position of Chairman on 1 July 2016. Therefore the Company complies with recommendation 2.5.

The Company continues to review its leadership and governance structures in line with its policy on succession planning.

### Recommendation 2.6 – Director induction and professional development

The Company has established a program for the induction of new Directors. The induction program covers all aspects of the Company's activities and operations and includes the provision of information and meetings held relevant to the position. The Board recognizes the importance of providing new Directors with the opportunity to build their knowledge of the Company quickly to ensure new Directors are able to make an effective contribution to the work of the Board.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undertake professional development. Specifically, Directors are to be provided with access to resources and training to address skills gaps where they are identified and to receive continuing education concerning key developments in the Company and in the industry and environment within which the Company operates.

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

#### Recommendation 3.1 – Code of Conduct

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct and Anti-Bribery and Corruption Policy adopted by the Board requires that all Directors, Senior Executives and employees abide by the laws, regulations and business practices wherever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place a Delegations Policy which clearly documents and provides internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environmental and social consequences of such dealings will be properly considered before any action is taken.

The Company has an Environmental Policy which requires that all employees comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

The Company is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and market integrity. The Company has implemented a policy on trading in the Company's securities designed to ensure that all Directors, senior managers and employees of the Company act ethically and do not use confidential information for personal gain.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

The Company has adopted a Whistleblower Protection Policy.

A copy of the Company's Code of Conduct, Anti-Bribery and Corruption, Whistleblower Protection, Health & Safety, Environmental and Share Trading Policy is available on the Corporate Governance page of the Company's website.

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

### Recommendation 4.1 – Audit Committee

The ASX Guidelines recommend listed entities establish an audit committee.

The Company has not complied with recommendation 4.1 as it does not have a separately established audit committee structured in accordance with the principles. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgement in decision making. Each Director has the opportunity to meet with the Company auditor separately and prior to the final sign-off of the half yearly and final annual accounts.

The Board considers and deals with matters which would ordinarily be attended to by an audit committee including:

- monitoring the Company's performance against strategy;
- assessing the adequacy of the Company's corporate reporting processes;
- approving and monitoring all significant or major business transactions;
- designing and implementing an appropriate organisational structure;
- appointing and monitoring the conduct and performance of management and personnel, and overseeing all remuneration, development and succession;
- approving and monitoring financial reporting judgements and compliance;
- monitoring the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- approving and monitoring procedures for the selection of the external auditor and rotation of external audit partners;
- assessing the performance and independence of the external auditors;
- overseeing control and accountability systems; and
- reviewing and approving corporate governance systems.

The Managing Director is accountable to the Board for management of the Company within authority levels approved by the Board and is subject to the supervision of the Board. The Managing Director and Company Secretary are required to periodically state in writing to the Board that the Company's financial report presents a true and fair view of the Company's financial position and that results are reported in accordance with relevant accounting standards.

#### *External auditor*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.

### Recommendation 4.2 – CEO and CFO declaration in relation to the Company's financial statements

The Managing Director and Company Secretary are required to make a declaration in accordance with section 295A of the Corporations Act 2001 and the ASX Guidelines that the Company's financial report presents a true and fair view of the Company's financial position and that results are reported in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects. The declaration is provided to Directors before approval of the financial statements at each reporting interval.

A declaration was received from the Company Secretary and/or Managing Director at each financial reporting interval, including quarterly cashflow reporting in line with the recommendation.

**Recommendation 4.3** – External Auditor AGM attendance

The auditor is required to attend the AGM of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report, in accordance with section 250PA, 250RA and 250T of the *Corporations Act 2001*.

**Principle 5: Make timely and balanced disclosure**

**Recommendation 5.1** – Continuous disclosure policy

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and *Corporations Act 2001*. The Company is required to disclose to the ASX any information which a reasonable person would expect to have a material effect on the price or value of the Company's securities unless certain exemptions from the requirements apply. To ensure it meets its continuous disclosure obligations, the Board has nominated the Managing Director and Company Secretary as responsible for all disclosure matters. Their role is to collate and, where appropriate, disclose price sensitive information.

In the Company's current stage of development, matters of crucial importance arise regularly. The Managing Director will discuss significant issues with Board members who jointly will make a decision on the timely release of factual and balanced information concerning the Company's activities.

Presentations that are made to analysts or investors are posted on the Company's website. If the presentations contain information that has not previously been announced to ASX that could have a material effect on the share price, the presentation is released to the ASX before the presentation is delivered.

A copy of the Company's Continuous Disclosure Policy is available on the Corporate Governance page of the Company's website.

**Principle 6: Respect the rights of security holders**

**Recommendation 6.1** – Provision of information about the Company on its website

The Company has a website ([www.jindalee.net](http://www.jindalee.net)) where investors can locate information about the Company, Directors, senior executives and its governance.

Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the Australian Securities Exchange and posted on the Company's website.

**Recommendation 6.2** – Investor relations

Due to the size of the Company and its current stage of development the Company does not have a formally appointed investor relations manager.

The Company instead provides the opportunity for investors to engage with the Board and management at the Company's AGM. Security holders and other financial market participants are also able to contact the Company directly to discuss any matters of concern or interest they may have from time to time.



The Board of Jindalee Resources Limited has adopted a policy to promote effective communication with shareholders. A copy of the policy is available on the Corporate Governance page of the Company's website.

**Recommendation 6.3** – Participation at meetings of security holders

The Board encourages the attendance and participation of shareholders at the Annual General Meeting and specifically convened General Meetings by holding those meetings in a location accessible by a large number of shareholders.

The Company has policies and procedures that enable shareholders to receive the reports and participate in meetings via attendance or by written communication. Presentations that are made to analysts or investors are posted in a clearly marked tab on the Company's website.

**Recommendation 6.4** – Electronic communications

Shareholders have the option to receive shareholder communications, including the annual report, by email. The Company provides a hard copy of the annual report to only those shareholders who have specifically elected to receive a printed hard copy.

Shareholders with access to the internet are encouraged to submit their email address to receive electronic copies of information distributed by the Company. Details can be found on the homepage of the Company's website [www.jindalee.net](http://www.jindalee.net)

**Principle 7: Recognise and manage risk**

**Recommendation 7.1** – Risk Committee

Taking and managing risk are central to business and building shareholder value. The Board is responsible for the identification of significant areas of business risk, implementing procedures to assess, monitor and manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment, identify potential opportunities & risk areas therein; and
- monitor systems established to ensure prompt and appropriate responses to Stakeholder complaints and/or enquiries.

The Board meets on a regular basis and reviews and monitors the parameters under which such risks will be managed. The Board does not have a risk committee structured in accordance with recommendation 7.1(a). The Board has established a Risk Management Team ("RMT") which comprises the Managing Director and Company Secretary and any other senior executives the RMT consider appropriate to oversee the daily management of risk and make recommendations to the Board on risk management matters. The RMT is not a committee of the Board and the Board acknowledges that it is ultimately responsible for the implementation of any policies, actions or decisions made by the RMT.

A copy of the Risk Management Policy is available on the Corporate Governance page of the Company's website.

### Recommendation 7.2 – Annual risk review

In accordance with the Company's policy on risk management, the Board will review at least annually the report from the RMT on the Company's management of material business risks and satisfy itself that the risk management system is operating effectively in all material respects.

The Board is also required to periodically reassess the risk profile of the Company with a view to ensuring that potential growth opportunities can be considered where any potential material adverse risk relating to the opportunity could be effectively controlled or mitigated.

The risk management framework and report from the RMT was reviewed by the Board during the reporting period.

### Recommendation 7.3 – Internal Audit

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function and has not complied with the recommendation.

Periodically informal reviews of the Company's financial systems, documents and processes are undertaken, and any recommendations for improvement are reported to the Board as part of the Company's risk management processes.

### Recommendation 7.4 – Sustainability risks

The Company does not have any material exposure to economic, environmental or social sustainability risks.

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

### Recommendation 8.1 – Remuneration Committee

The Company has a Remuneration Policy however has not established a separate remuneration committee and therefore has not entirely comply with recommendation 8.1.

Due to the early stage of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for Directors and key executives. The Board considers it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures to ensure remuneration packages and incentives remain appropriate and in accordance with the Company's commercial interests.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the Directors participate in any discussions or deliberations regarding their own remuneration or related issues.

A copy of the Remuneration Policy is available on the Corporate Governance page of the Company's website.

### Recommendation 8.2 – Disclosure of remuneration policies and practices

Remuneration is currently in accordance with the general principles recommended by the ASX Guidelines, that is, Non-executive Directors receive a fixed fee for their services and do not receive performance based remuneration. Fees for Non-executive Directors are not linked to the performance of the Company.

Non-executive Directors' remuneration may also include an incentive portion consisting of options to subscribe for shares, subject to approval by Shareholders. The Company has not complied with the ASX Guideline in this regard but considers the nature and quantum of remuneration of its Non-executive Directors to be appropriate and reasonable for a Company of its size and the granting of options is a useful tool for attracting retaining and motivating quality Directors without diminishing the Company's cash resources.

All Executives receive either consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to Directors are subject to approval by Shareholders. The Board reviews executive packages annually by reference to the executives performance and comparable information from industry sectors and other listed companies in similar industries.

The Remuneration Report contained in the Annual Report outlines the Director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and the Corporations Regulations.

There are no schemes for retirement benefits for Non-executive Directors.

### Recommendation 8.3 – Equity based remuneration scheme policy

The Company has an Employee Share Option Plan (Incentive Plan), which was approved by Shareholders at the 2017 AGM. A summary of the Incentive Plan was included in the Company's 2017 Notice of General Meeting, a copy of which is available on the Company's website.

The Company's Share Trading Policy prohibits Directors, Officers and Employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chairman.

A copy of the Company's Share Trading Policy can be found on the Corporate Governance page of the Company's website.