

## Corporate Governance Statement

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Musgrave Minerals Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. 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 2018. 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 and its controlled entities together are referred to as the Group in this statement.

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

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

The relationship between the Board and Senior Management is critical to the Group's long-term success. The Directors are responsible to Shareholders for the performance of the Group in both the short and the longer term and seek to balance objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of Shareholders and other key stakeholders and to ensure the Group is properly managed.

#### *Roles and Responsibilities of the Board and Management*

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring the organisational performance and the achievement of the Group's strategic goals and objectives;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's Auditors;
- appointment and performance assessment of the Managing Director;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team, including the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group's system for compliance and risk management reporting to Shareholders; and
- ensuring appropriate resources are available to Senior Management.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director. This delegation is reviewed on an annual basis.

A copy of the Board Charter outlining the respective roles and responsibilities of the Board and management is available from the Company's website.

## Corporate Governance Statement

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### *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 fulfil their responsibilities as Director of the Company.

Newly appointed Directors must stand for re-appointment 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.

### *Written Agreements with Directors*

The Company has entered into a Service Agreement with its Managing Director Mr Robert Waugh and all other senior executives are subject to employment agreements with standard commercial terms which are summarised in the Directors Report.

Non-Executive Directors have entered into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Boards policies and terms of appointment, including compensation relevant to the office of Director.

### *Company Secretary*

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

Details of the qualifications and experience of the Company Secretary are provided in the Directors Report contained within the Annual Report.

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

### *Diversity*

The Company has a Diversity Policy, which documents the principles and commitment in relation to maintaining a diverse Group of employees within the Company. This policy is disclosed on the Company's website. The Company however has not fully complied with recommendation 1.5 in that it has not set measureable objectives for achieving gender diversity. The Board continues to monitor diversity across the Group and is satisfied with the current level of gender diversity within the Company as disclosed below. Due to the size of the Company, its activity level and small number of employees, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity. The total proportion of men and women on the Board, in senior positions and across the whole organisation is listed below:

<b>Category</b>	<b>Men</b>	<b>Women</b>
Board	3	1
Senior Management (excluding the Managing Director captured above)	3	1
Whole Organisation	6	3

# Corporate Governance Statement

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## *Assessment of Board Performance*

The Group has a policy of reviewing the performance of its Board, its Committees and individual directors on an annual basis. The process is managed by an independent Non-Executive Director and feedback is received from the Chairman. This review involves the performance of the Board against agreed strategic goals. A review took place during the year with the results tabled and discussed at a subsequent meeting of Directors.

## *Performance evaluation of Senior Executives*

A performance assessment for senior executives took place during the year in accordance with the Groups agreed policy. Briefly, this involved the review of senior executives performance against appropriate measures relating to their respective roles and responsibilities, with feedback received from the Board where appropriate.

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

### *Nomination Committee*

The Board has not established a Nomination Committee in accordance with Recommendation 2.1. The Board takes ultimate responsibility for these matters and continues to monitor its composition and the roles and responsibilities of its members. The Group however is conscious of ensuring Board renewal and succession planning for the Group is dealt with at a Board level. The Board (in conjunction with its annual review of performance) reviews the size, composition and diversity of the Board and the mix of existing and desired competencies across its membership.

### *Skills Matrix*

The Board aims in its membership to maintain a diverse mix of skills and experience that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives. A Board Skills Matrix has been prepared and was reviewed by the Board in conjunction with the review of board performance.

The Board Skills Matrix 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, risk & compliance, finance/accounting, capital markets leadership and strategy. Each of these areas is currently well represented on the Board.

### *Independence*

The Board consists of the following independent Directors:

- Mr Graham Ascough, Chairman (Appointed 26 May 2010)
- Mr John Percival, Non-Executive Director (Appointed 26 May 2010)
- Mrs Kelly Ross, Non-Executive Director (Appointed 26 May 2010)

Details of the Directors skills, length of tenure, experience and expertise relevant to the position held by each director is set out in the Directors' Report of the Annual Report and also available on the Company's website.

### *Chairman should be an Independent Director*

The Company's Chairman, Mr Graham Ascough is an independent Director. The Board continues to review its leadership and governance structures in line with its policy on succession planning.

# Corporate Governance Statement

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## *Director Induction*

The Company has established a program for the induction of new Directors. The induction program covers all aspects of the Company's activities, operations, policies and procedures.

In order to develop and maintain the skills and knowledge required to perform their role, all Directors are encouraged to undergo continual professional development. Subject to approval, Directors are to be provided with reasonable access to resources and training to address skill gaps where they are identified and to receive continuing education concerning key developments in the Company and the industry and environment within which the Company operates.

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

### *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 adopted by the Board requires that all Directors 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 various internal policies which provide internal controls to ensure employees act only 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 areas in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, government 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 to ensure that they are consistent with the need to maintain the confidential-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, key management personnel 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 ASX. Each Director has entered into an agreement to promptly provide any such information with regards to Company dealings directly to the Company Secretary to allow the Company to notify the ASX within the required reporting timeframes. A copy of the Company's Code of Conduct, Health & Safety, Environmental and Securities Trading Policy are available on the Company's website.

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

### *Audit Committee*

The Board has established an Audit Committee which operates in accordance with a Board approved Audit Committee Charter, a copy of which is available from the Company's website.

## Corporate Governance Statement

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The Audit Committee is comprised of three Non-Executive Directors: Mrs Kelly Ross (Chair), Mr Graham Ascough and Mr John Percival. All three members of the Audit Committee are Non-Executive independent Directors which is in accordance with ASX Recommendation 4.1.

All members of the Audit Committee consider themselves to be financially literate and possess significant understanding of the industry in which the Company operates.

Further details pertaining to membership of the Audit Committee including each members qualifications and attendance at Audit Committee meetings are set out in the Directors' Report included in the Annual Report.

### *CEO and CFO assurance*

The Board receives regular reports on the Group's financial and operational results in conjunction with its Board meetings.

The Company's Chief Financial Officer and Managing Director have provided the Board with the appropriate declarations in accordance with section 295A of the *Corporations Act 2001* and Recommendation 4.2 in relation to all financial periods.

### *External Auditors*

The Auditor is required to attend the Annual General Meeting 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*.

## **Principles 5: Make timely and balanced disclosure**

### *Continuous Disclosure*

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and the *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 exceptions from the requirements apply. To ensure the Company meets its disclosure obligations, the Board has nominated the Managing Director and Company Secretary as responsible for matters of disclosure. 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 the 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 Company's website.

# Corporate Governance Statement

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## **Principle 6: Respect the rights of Security holders**

### *Information about the Company and its governance*

The Company has a website ([www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)) where investors can locate information about the Company, directors, senior executives and the Company's 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 under the Investor Centre section on the Company's website.

### *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 has adopted a policy to promote effective communication with shareholders. A copy of the policy is available from the Company's website.

### *Participation at meetings of Security holders*

Shareholders are encouraged to participate and engage with the Board and Management at Annual General Meetings and other specially convened General Meetings of the Company. The Board encourages the attendance and participation of Shareholders at these meetings by holding meetings in a location accessible to a large number of Shareholders.

The Company has policies and procedures that enable Shareholders to receive reports and participate in meetings via attendance or by written communication.

### *Electronic Communications*

The Company aims to promote effective communication with investors. Shareholders with access to the internet are encouraged to register on the Company's website ([www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)) to receive email notifications when an announcement is made by the Company to the ASX. Shareholders are also encouraged to register with the Company's share registry (Computershare) to communicate electronically.

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

The Board acknowledges recognising and managing risk is a crucial part of the role of the Board and Management. The Board is responsible for satisfying itself annually, or more frequently as required, that Management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit Committee and is reviewed by the full Board.

The Board has adopted a Risk Management Policy, which sets out the Company's approach to risk.

## Corporate Governance Statement

---

The Audit Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Audit Committee monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks.

The Committee recommends any actions it deems appropriate to the Board for its consideration. Details pertaining to the Committee's membership and attendance at meeting is disclosed in the Directors Report contained within the Annual Report.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit Committee on the effectiveness of:

- the risk management and internal control system during the year, and
- the Group's management of its material business risks.

The Group does not have a separate internal audit function.

A review of the risk management framework was undertaken in the reporting period. A copy of the Company's Risk Management Policy is available on the website.

### *Exposure to material economic, environmental and social sustainability risk*

The Group's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The Group at present has not identified specific material risk exposure in these categories.

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

#### *Remuneration Committee*

The Board has not established a Remuneration Committee and therefore has not complied with recommendation 8.1.

Due to the early stage 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.

#### *Disclosure of remuneration policies and practices*

Every employee of the Group signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. The Group's human resources structure is reviewed by the Board and, where necessary, is revised to accommodate the change in the Group's needs and requirements.

## Corporate Governance Statement

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Further information on Directors' and Executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading 'Remuneration Report'. The Group has a policy to distinguish the remuneration of Executives and senior staff from that of the Non-Executive Directors. All Executives and senior staff are subject to annual reviews, where the remuneration arrangements are reviewed and benchmarked against industry averages. The Group additionally uses the Employee Share Option Plan to provide incentives to employees, which are reviewed annually in conjunction with the available option pool. The Non-Executive Directors remuneration is set from a pool that is approved by Shareholders, which presently is set at \$250,000 per annum. The Group has a policy of obtaining Shareholder approval for any share based remuneration (such as options) to be granted to Directors in accordance with the ASX Listing Rules.

### *Equity based remuneration scheme policy*

The Company has an Employee Share Option Plan (ESOP) which was last approved by Shareholders at the 2016 AGM. A copy of which is available on the Company's website.

The Company's Securities Trading Policy prohibits Directors, Officers and Employees from entering into transactions or arrangements that would limit the economic risk of their security holding in the Company.

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