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# DiscovEx Resources Limited - Corporate Governance Statement

## Approach to Corporate Governance

DiscovEx Resources Limited ACN 115 768 986 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4<sup>th</sup> edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at [www.discovexresources.com.au](http://www.discovexresources.com.au), under the section marked "Corporate Governance":

### Charters

- Board
- Nomination Committee
- Audit and Risk Committee
- Remuneration Committee

### Policies and Procedures

- Anti-Bribery & Anti-Corruption Policy
- Code of Conduct (summary)
- Compliance Procedures (summary)
- Diversity Policy (summary)
- Induction Program
- Policy and Procedure for the Selection and (Re)Appointment of Directors
- Policy on Continuous Disclosure (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Process for Performance Evaluation
- Risk Management Policy
- Securities Trading Policy
- Shareholder Communication and Investor Relations Policy
- Whistleblower Protection Policy

The Company reports below on whether it has followed each of the recommendations during the 2020/2021 financial year (**Reporting Period**). The information in this statement is current at and was approved by a resolution of the Board on 1 September 2021.

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

### Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, those matters expressly reserved to the Board and those delegated to management and has documented this in its *Board Charter* (available on the Company's website).

### Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors* (available on the Company's website). The qualifications, experience and special responsibilities of the Board members are set out in the Directors Report and the Notice of Meeting for the Annual General Meeting.

### **Recommendation 1.3**

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is a related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

### **Recommendation 1.4**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's *Board Charter* (available on the Company's website). The Company Secretary's role is also outlined in the consultancy agreement between the Company Secretary and the Company.

### **Recommendation 1.5**

The Company has a *Diversity Policy* (a summary of which is disclosed on the Company website), pursuant to which the Board may set measurable objectives for achieving gender diversity that are appropriate for the Company, and if objectives are set, to assess annually both the objectives and the Company's progress in achieving them.

The Company's Diversity Policy does not require the Board to set measurable objectives for achieving gender diversity, nor has the Board set measurable objectives for achieving gender diversity. The Board considers that it is not practical at this stage of the Company's operations to establish measurable objectives for achieving gender diversity given the small number of employees. However, the Board will review this position as its circumstances change.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. "Senior executive" for these purposes means those persons who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance.

	<b>Proportion of women</b>
Whole organisation	1 out of 10 (10%)
Senior executive positions	1 out of 6 (17%)
Board	0 out of 4 (0%)

### **Recommendation 1.6**

The Chair is responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's *Process for Performance Evaluations* (available on the Company's website).

During the Reporting Period an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed in the Company's *Process for Performance Evaluations* (available on the Company's website).

### **Recommendation 1.7**

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's *Process for Performance Evaluations* (available on the Company's website).

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed in the Company's *Process for Performance Evaluations* (available on the Company's website).

## **Principle 2 – Structure the board to be effective and add value**

### **Recommendation 2.1**

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee.

Although the Board has not established a separate Nomination Committee, it has adopted a *Nomination Committee Charter* (available on the Company's website), which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not convene as a Nomination Committee during the Reporting Period however nomination-related discussions occurred from time to time during the year as required.

### **Recommendation 2.2**

The Company's objective is to have an appropriate mix of skills and diversity on its Board and Committees to enable it to effectively carry out its oversight and corporate governance responsibilities.

The Board currently has the following mix of skills, expertise, qualifications and experience represented by its members:

#### Expertise

Strategy  
Governance and compliance  
Health and safety  
Risk management  
Executive management  
Commercial acumen  
Financial knowledge and experience

#### Qualifications

Geological qualifications  
Mining engineering qualifications  
Mechanical engineering qualifications  
Management qualifications  
Finance qualifications  
Australian Institute of Company Directors qualifications  
Statutory Mine Management qualifications

### Experience

Mining industry experience  
Technical experience  
Operational experience  
Project development skill and experience  
Finance experience  
Business development skill and experience  
Equity and debt financing experience  
Project management experience  
Statutory mine management experience

The Board is not currently looking to increase its size.

### **Recommendation 2.3**

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations.

None of the directors are considered independent for the following reasons:

- Mr Wellman is the Company's Managing Director and has received performance-based remuneration (including options or performance rights) from, or participated in an employee incentive scheme of, the entity.
- Mr Morgan is the Company's former Managing Director and has received performance-based remuneration (including options or performance rights) from, or participated in an employee incentive scheme of, the entity.
- Mr Hellewell is an officer of a substantial holder.
- Mr Massey is an employee of a substantial holder.

The length of service of each director is set out in the Directors' Report in the Company's 2021 Annual Report.

### **Recommendation 2.4**

The Board does not have a majority of directors who are independent – see 2.3 above. The Board considers that its composition is suitable for the Company's current size and operations, and includes an appropriate mix of skills and expertise relevant to the Company's business. In particular, the Board includes members with disciplines from geology, mine engineering, finance and business development such that the combined expertise and judgment means that the Board is able to adequately discharge its responsibilities, and has an adequate understanding of the Company's current and emerging business.

### **Recommendation 2.5**

The Chair of the Board is Mr Hellewell, who is not also the Managing Director, but is not independent (see 2.3 above).

### **Recommendation 2.6**

The Company has an induction program that it uses when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. The Company's *Induction Program* is disclosed on the Company's website.

The Board regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Board considers what training or development should be undertaken to fill those gaps. In particular, the Board ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing education as required on developments in accounting standards that are relevant to the Company.

## **Principle 3 – Instil a culture of acting lawfully, ethically and responsibly**

### **Recommendation 3.1**

The Company has articulated and disclosed its values on the Company's website.

### **Recommendation 3.2**

The Company has adopted a Code of Conduct to be adhered to by the Board, management and employees.

A summary of the Code of Conduct is available on the Company's website.

The Board is informed of any material breach of the Code of Conduct.

### **Recommendation 3.3**

The Company has adopted a Whistleblower Protection Policy.

The Whistleblower Protection Policy is available on the Company's website.

The Board is informed of any material breach of the Whistleblower Protection Policy.

### **Recommendation 3.4**

The Company has adopted an Anti-Bribery & Anti-Corruption Policy.

The Anti-Bribery & Anti-Corruption Policy is available on the Company's website.

The Board is informed of any material breach of the Anti-Bribery & Anti-Corruption Policy.

## **Principle 4 – Safeguard the integrity of corporate reports**

### **Recommendation 4.1**

The Board has not established a separate Audit and Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit and Risk Committee. Accordingly, the Board performs the role of the Audit and Risk Committee. Although the Board has not established a separate Audit and Risk Committee, it has adopted an *Audit and Risk Committee Charter* (available on the Company's website), which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Audit and Risk Committee. Annual action points for the Audit and Risk Committee are set out in the Audit and Risk Committee Charter. When the Board convenes as the Audit and Risk Committee it carries out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. Items that are usually required to be discussed by an Audit and Risk Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit and Risk Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Company has also established a *Procedure for the Selection, Appointment and Rotation of its External Auditor*, which is disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Details of director attendance at meetings of the full Board, in its capacity as the Audit and Risk Committee, during the Reporting Period, are set out in a table in the Directors' Report in the Company's 2021 Annual Report.

#### **Recommendation 4.2**

Before the Board approved the Company's financial statements for the half year ended 31 December 2020, the full-year ended 30 June 2021 and each of the quarters ending 30 September 2020, 31 December 2020, 31 March 2021 and 30 June 2021, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **Recommendation 4.3**

Under the Company's *Policy on Continuous Disclosure* (summary disclosed on the Company's website) and *Shareholder Communications and Investor Relations Policy* (disclosed on Company's website), the Board has appointed specific Executives as 'disclosure officers' to ensure that Company announcements (including the annual directors' report) are accurate, balanced and understandable and provide investors with appropriate information to make informed investment decisions. The disclosure officers coordinate the form of disclosure and verify the accuracy of the information contained in announcements. Where necessary and possible, the disclosure officers consult on announcements with the Chairman of the Board and Directors available at that time.

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

#### **Recommendation 5.1**

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's *Policy on Continuous Disclosure* and *Compliance Procedures* are disclosed on the Company's website.

#### **Recommendation 5.2**

The Company Secretary distributes to the Board copies of all material market announcements promptly after they have been made.

#### **Recommendation 5.3**

The Company Secretary releases a copy of any new and substantive investor or analyst presentation on the ASX Market Announcements Platform ahead of the presentation.

## Principle 6 – Respect the rights of security holders

### Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at [www.discovexresources.com.au](http://www.discovexresources.com.au) as set out in its *Shareholder Communication and Investor Relations Policy* (available on the Company's website).

### Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. Details of the program are set out in the Company's *Shareholder Communication and Investor Relations Policy* (available on the Company's website).

### Recommendation 6.3

The Company has in place a *Shareholder Communication and Investor Relations Policy* (available on the Company's website) which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

### Recommendation 6.4

All resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

### Recommendation 6.5

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company's website contains an email subscription service and a link to a Company info email address. The website also contains a link to the Company's share registry website.

## Principle 7 – Recognise and manage risk

### Recommendation 7.1

The Board has not established a separate Risk Committee. As noted above in relation to Recommendation 4.1, the full Board performs the role of an Audit and Risk Committee. Please refer to the disclosure in relation to Recommendation 4.1, which is also relevant to Recommendation 7.1.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established expenditure authority limits for management, which, if expected to be exceeded, require prior Board approval;
- the Board has adopted a policy and procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies and procedures to assist the Company to establish and maintain its governance practices.

The Company has adopted a *Risk Management Policy* (available on the Company's website). As detailed in the *Risk Management Policy*, the Company has formalised its approach to risk management by documenting all material business risks in a risk register and allocating ownership for material business risks to the Managing Director and management of individual material business risks to senior management and individuals within the organisation. The risk register is reviewed by management and updated six-monthly and presented to the Board. All risks identified in the risk register are reviewed and assessed by management and the Board at least annually.

## Recommendation 7.2

The Board reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out this review during the Reporting Period.

## Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's *Risk Management Policy* (available on the Company's website).

## Recommendation 7.4

The Company has material exposure to the following environmental and/or social risks:

Risk description	Risk management approach
<i>Environmental risks</i>	
Non-compliance with environmental, native title, heritage and/or landholder requirements.	The Group has agreements in place with all stakeholders, regularly undertakes compliance activities and communicates with stakeholders. The Group undertakes an annual audit of compliance with these agreements.
<i>Health and safety risks</i>	
Any health and safety incident in or around the Company's operations has the potential to put employees or community members at risk.	The Group is committed to the health and safety of its employees, contractors and the community in which it operates. The Group has an H&S policy and risk management system in place. H&S performance is a standing agenda item at each Board Meeting. All site based staff receive training required to perform their assigned tasks safely and correctly. The H&S policy and risk management system is audited annually.

## Principle 8 – Remunerate fairly and responsibly

### Recommendation 8.1

The Board has not established a separate Remuneration Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of the Remuneration Committee.

Although the Board has not established a separate Remuneration Committee, it has adopted a *Remuneration Committee Charter* (available on the Company's website), which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not convene as a Remuneration Committee during the Reporting Period however Remuneration-related discussions occurred from time to time during the year as required.



### **Recommendation 8.2**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report in the Company's 2020 Annual Report. This disclosure includes a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

### **Recommendation 8.3**

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting participants in the DiscovEx Resources Limited Employee Equity Incentive Plan (**Plan**) entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan. The *Remuneration Committee Charter* is available on the Company's website.