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## **Corporate Governance Statement**

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## 1. General

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this Section. In establishing its corporate governance framework, the Board has referred to the 3<sup>rd</sup> edition of the ASX Corporate Governance Councils' Corporate Governance Principles & Recommendations.

This corporate governance statement discloses the extent to which the Company intends to follow the recommendations as at the date of quotation of the Company to the ASX. The Company will follow 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 will 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 will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au)

### 1.1 Charters:

- Board

### 1.2 Codes Policies and Procedures:

- Code of Conduct
- Diversity Policy
- Securities Trading Policy

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## 2. Board

### 2.1 Roles and Responsibilities of the Board, Company Secretary and Senior Executives (Recommendations: 1.1, 1.4)

The Company has established the functions reserved to the Board, and those to be delegated to senior executives and has set out these functions in its Board Charter.

### 2.2 Skills, experience, expertise and period of office of each Director (Recommendation:2.2)

A profile of each Director setting out their skills, experience, expertise and period of office will be included in the Company's Annual Report.

### 2.3 Director independence (Recommendations: 2.3, 2.4, 2.5)

The Chairman, Mr Barry Sullivan and non-executive Director, Mr Hedley Widdup, are not considered to be independent Directors due to their relationship with Lion Selection Group, a substantial shareholder in the Company. Notwithstanding this, the Directors believe that Mr Sullivan and Mr Widdup will be able to, and will make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.

The Board will review its composition continually as the Company's circumstances change.

Mr Marc Ducler is the Company's Managing Director.

## **2.4 Induction and appropriate professional development opportunities for Directors (Recommendation 2.6)**

The Company will have a program for inducting new directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

## **2.5 Selection and (Re) Appointment of Directors (Recommendation: 1.2, 1.3, 2.2)**

In determining candidates for the Board the board will evaluate the mix of skills, experience, expertise and diversity of the existing Board. In particular, the board will seek to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration will also be given to the balance of independent Directors. Any appointment made by the Board will be subject to ratification by shareholders at the next general meeting.

Prior to the appointment of a new Director the Board will undertake appropriate checks to ensure that the person's character, experience and education is appropriate for the position which will include criminal history and bankruptcy checks.

Each Board member has a written letter of appointment or executive contract setting out the terms of their appointment.

Each Director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that Director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one Director or one third of the total number of Directors (rounded down) must resign. A Director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of Directors is not automatic.

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## **3. Board committees**

### **3.1 Nomination Committee, Audit Committee, Remuneration Committee, Risk Committee (Recommendations: 2.1, 4.1, 8.1 & 7.1)**

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time, preferring at this stage to manage the Company through the full board of Directors.

Matters typically dealt with by a Nomination, Audit, Remuneration and Risk committee will be dealt with by the full Board in accordance with adopted charters, policies or procedures.

If the Company's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

### **3.2 Remuneration of Directors and Executives (Recommendation 8.1, 8.2, 8.3)**

Details of remuneration, including the Company's policy on remuneration, will be contained in the "Remuneration Report" which will form part of the Company's Annual Report.

The Company's policy is to remunerate non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to individual performance. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting.

There are no termination or retirement benefits for non-executive Directors (other than for superannuation).

From time to time the Company, with shareholder approval, may grant equity incentives to non-executive Directors. The grant of equity incentives is designed to attract and retain suitably qualified non-executive Directors.

Executive remuneration will consist of a base salary and performance incentives.

Short term performance incentives may be paid in cash and may be subject to the successful completion of performance hurdles agreed by the Board.

Long term performance incentives may include options, performance rights, or other equity based products granted at the discretion of the Board subject to obtaining the relevant approvals. The grant of equity based products is designed to recognise and reward efforts as well as to provide additional incentive to continue those efforts for the benefit of the Company, and may be subject to the successful completion of performance hurdles.

The Company's Securities Trading Policy includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

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## **4. Performance evaluation**

### **4.1 Senior executives (Recommendations: 1.7)**

The Managing Director will conduct a performance evaluation of the senior executives on a yearly basis to review performance against the senior executive's responsibilities through a formal process involving an annual formal meeting with each senior executive and ongoing informal monitoring throughout each financial year.

The performance of the Managing Director will be reviewed by the Board.

### **4.2 Board, its Committees and individual Directors (Recommendations: 1.6)**

An informal process has been established to review and evaluate the performance of the Board. Given the size of the Company, the Board is continuously reviewing the role of the Board, assessing its performance over the previous period, including comparison with others, and examining ways in which the Board can better perform its duties. The review will incorporate the performance of the Board.

Similar procedures to those for the Board review will be applied to evaluate the performance of the Board committees, if any.

The Chairman will have primary responsibility for conducting performance appraisals of non-executive Directors in conjunction with each non-executive Director.

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## **5. Ethical and responsible decision making**

### **5.1 Code of Conduct (Recommendation: 3.1)**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

## **5.2 Diversity (Recommendation: 1.5)**

The Company has established a Diversity Policy, which provides the Board with objectives for achieving diversity that is appropriate for the Company.

The Board considers due to the size of the Company setting measurable diversity objectives is not appropriate with its practice currently being to hire the most appropriate candidate for the position to be filled having regard to the activities to be undertaken in the role. As the Company increases in size the Board will consider setting measurable objectives.

The Company will report on the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board in its Annual Report.

## **5.3 Integrity of Financial Reporting (Recommendations: 4.1, 4.2, 4.2)**

The Company has not established an Audit Committee. The full Board has responsibility for verifying and safeguarding the integrity of its corporate reporting. The full Board will assess any proposal to appoint or remove the auditor and will ensure that the engagement partner rotates in accordance with the Corporations Act.

The Managing Director and Chief Financial Officer (or equivalent) will provide a declaration to the Board in accordance with section 295A of the Corporations Act and will assure the Board that such declaration is founded on a sound system of risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

A representative of the Company's auditor will be present at the Annual General Meeting and to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report

## **5.4 Continuous Disclosure (Recommendation: 5.1)**

The Company has established a written policy designed to ensure compliance with ASX Listing Rules disclosure requirements and accountability at a senior executive level for that compliance.

## **5.5 Shareholder Communication (Recommendations: 6.1, 6.2, 6.3, 6.4)**

The Company has designed a communications policy for promoting effective communication with shareholders, receiving communications from shareholders, including by electronic means, and encouraging shareholder participation at general meetings and at the annual general meeting.

## **5.6 Risk Management (Recommendations: 7.1, 7.2, 7.3, 7.4)**

The Company has not established a Risk Committee or a formal internal audit function.

The Board has adopted a Risk Management Framework and a Risk Management, Internal Compliance and Control Policy, which sets out the Company's risk management and control framework. Under the policy, the Board is responsible for the oversight of the Company's risk management and control framework and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management.

The Board will receive a periodic report from management as to the effectiveness of the Company's management of identified risks, including identified weaknesses or incidents and will review the Company's risk framework, at least annually to satisfy itself that it continues to be sound and appropriate for the Company's size and levels of operations.

## 6. ASX Corporate Governance Council recommendations checklist

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations:

Principles and Recommendations		Comply (Yes/ No)
<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes
1.2	Background checks and information to be given for elections	Yes
1.3	Written contracts of engagement	Yes
1.4	Company Secretary accountable to board through Chairperson	Yes
1.5(a)(b)(d)	Diversity Policy	Yes
1.5(c)	Measurable Objectives in Diversity Policy	No The Board considers that due to the size of the Company setting measurable diversity objectives is not appropriate with its practice currently being to hire the most appropriate candidate for the position to be filled having regard to the activities to be undertaken in the role
1.6	Evaluation of Board	Yes
<b>Principle 2: Structure the Board to add value</b>		
2.1	The Board should establish a nomination committee.	No Due to its current size the Company has not established a nomination committee. The full Board will undertake the activities normally undertaken by a nomination committee
2.2	Skills Matrix	Yes
2.3	Disclose independence and length of service	Yes
2.4	A majority of the Board should be independent directors.	No The Board considers that its current composition is appropriate given the current size and stage of development of the Company and allows for the best utilisation of the experience and expertise of its members.  Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.
2.5	The chair should be an independent director.	No The Chairman, Mr. Barry Sullivan is not considered to be an independent Director due to his relationship with Lion Selection Group. Notwithstanding this, the Directors believe that Mr Sullivan will be able to, and will make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.

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2.5	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.6	Induction and professional development of directors	Yes
<b>Principle 3: Promote ethical and responsible decision-making</b>		
3.1	Companies should establish a code of conduct	Yes
<b>Principle 4: Safeguard integrity in financial reporting</b>		
4.1	The Board should establish an audit committee.	No Due to its current size the Company has not established an audit committee. The full Board will undertake the activities normally undertaken by an audit committee
4.2	Declaration from chief executive officer and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act.	Yes
4.3	External Auditor to be available at AGM	Yes
<b>Principle 5: Make timely and balanced disclosure</b>		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements.	Yes
<b>Principle 6: Respect the rights of shareholders</b>		
6.1	Information of website	Yes
6.2	Investor relations program	Yes
6.3	Facilitate participation at general meetings	Yes
6.4	Facilitate electronic communications	Yes
<b>Principle 7: Recognise and manage risk</b>		
7.1	The Board should establish a risk committee	No Due to its current size the Company has not established a risk committee. The full Board will undertake the activities normally undertaken by a risk committee
7.2	Conduct annual risk review	Yes
7.3	Internal audit function	No Due to its current size the Company has not established an internal audit function. The Board has responsibility for the oversight of the Company's risk management and control framework. The Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks
7.4	Disclose exposure to economic, environmental and social sustainability risks	Yes

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Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	No Due to its current size the Company has not established a remuneration committee. The full Board will undertake the activities normally undertaken by a remuneration committee
8.2	Disclose remuneration policy	Yes
8.3	Disclose policy on hedging equity incentive schemes	Yes

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