

# CORPORATE GOVERNANCE STATEMENT



## INTRODUCTION

**The Board and management of Chesser Resources Limited (Chesser or Company) recognises that the Company's employees, shareholders, regulators, and other stakeholders expect Chesser to conduct its operations ethically and with integrity. Chesser is committed to maintaining a high standard of corporate governance which reflects Chesser's values and the expectations of its stakeholders.**

The Board has adopted a suite of charters and key corporate governance documents which articulate the corporate governance policies and procedures adopted by Chesser.

These documents are available in the Corporate Governance section of the Company's website, [www.chesserresources.com.au/corporate-governance](http://www.chesserresources.com.au/corporate-governance).

This Corporate Governance Statement (**Statement**), which is current as at 31 August 2021 and has been approved by the Company's Board, explains how Chesser complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' published in February 2019 (**ASX Principles and Recommendations**), in relation to the year ended 30 June 2021.

In addition to the ASX Principles and Recommendations, the Board has considered a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which currently only undertakes mineral exploration and development activities.
- cost versus benefit of additional corporate governance requirements or processes.
- size of the Board.
- Board's experience in the resources sector.
- organisational reporting structure, number of reporting functions, operational divisions, and employees.
- relatively simple financial affairs with limited complexity and quantum.
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

<b>Explanation of Chesser's compliance with recommendations</b>		<b>Recommendation complied with?</b>
<b>Principle 1: Lay Solid Foundations For Management And Oversight</b>		
<b>1.1 Role of Board and management</b>	<p>The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in the Company's Board Charter. A copy of the Board Charter is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a></p>	Yes
<b>1.2 Information regarding election and re-election of director candidates</b>	<p>Chesser carefully considers the character, experience, education, and skillset of potential candidates for appointment to the Board and conducts appropriate background checks to verify the suitability of the candidate prior to their election. Based on the Company's level of knowledge of the potential candidate, these may include checks as to the person's character, experience, education, and bankruptcy history, but may not include criminal record checks for potential candidates that are well known to the Board. The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the relevant notice of meeting provided to shareholders. Director profiles are also included on the Company's website and in the Directors' Report included in the Company's Annual Report.</p>	No
<b>1.3 Written contracts of appointment</b>	<p>In addition to being set out in the Board Charter, the roles and responsibilities of Directors are formalised in a letter of appointment which each Director receives and commits to on their appointment. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relations to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, insurance and indemnity entitlements and details of the Company's key governance policies. Each Key Management Personnel ("KMP") enters into a service contract which sets out the material terms of employment, position description, reporting lines, remuneration arrangements and termination rights and entitlements. A summary of the employment contract for each KMP is provided in the Remuneration Report included in the Company's Annual Report.</p>	Yes
<b>1.4 Company Secretary</b>	<p>The Company Secretary reports directly to the Board through the Chairman on Board matters and all Directors have access to the Company Secretary. In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole.</p>	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
<b>1.5 Diversity</b>	<p>Details of the Company Secretary's experience and qualifications are included on the Company's website and in the Directors' Report of the Company's Annual Report.</p> <p>The Company has adopted a Diversity Policy but has not established measurable objectives for achieving gender diversity for the 2021 year. The Company's Diversity Policy recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the Board considers that the Company is not currently of a size to set measurable objectives for achieving gender diversity. The Board will review its position and may develop measurable objectives when the Company's operations increase. At the date of this Statement, the Company has no female directors or senior executives. At the date of this statement, females represented 3% of the Company's employees.</p>	No
<b>1.6 Board reviews</b>	<p>The Board has not conducted a formal performance evaluation. The Company is a junior resources company, and the Board believes that a formal performance evaluation is not required at this point in time as no efficiencies or other benefits would be gained from a formal performance evaluation. The Chairman is responsible for evaluating the Board and informal discussions are undertaken during the course of the year. As the Company grows and develops, it will continue to consider the efficiencies and merits of a more formal performance evaluation of the Board, its committees, and individual Directors.</p>	No
<b>1.7 Management reviews</b>	<p>Each year the Board evaluates the performance of its KMP against Key Performance Indicators ("KPIs") as set by the Board. Details of the process followed will be set out in the Remuneration Report of the Company's Annual Report. For the 2022 year, the Board has implemented a revised remuneration framework as described in the Annual Report.</p>	Yes
<b>Principle 2: Structure the Board to be effective and add value</b>		
<b>2.1 Nominations committee</b>	<p>The Board has decided not to form a separate Nomination Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. The Board has adopted a Remuneration and Nomination Committee Charter; however, the full Board performs the function of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee Charter sets out the processes the Board employs to address board</p>	Yes

Recommendation	Explanation of Chesser’s compliance with recommendations	Recommendation complied with?																																				
	<p>succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively. The Board regularly reviews whether it has the appropriate balance of skills, knowledge, and experience suitable for a Company in the junior resources sector. The Remuneration and Nomination Committee Charter is available in the Corporate Governance section of the Company’s website <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a>.</p>	Yes																																				
<p><b>2.2 Board skills matrix</b></p>	<p>The Board seeks a mix of skills suitable for a junior resources company. A summary of the key board skills matrix is set out below. Further details regarding the skills and experience of each Director are included in the Directors’ Report in the Company’s Annual Report.</p> <table border="1" data-bbox="678 667 919 1724"> <thead> <tr> <th>Director / Skills</th> <th>Capital Markets</th> <th>Resources Industry</th> <th>Geology / Mining</th> <th>Accounting / Finance</th> <th>Listed Company</th> </tr> </thead> <tbody> <tr> <td>Mark Connelly</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> </tr> <tr> <td>Robert Greenslade</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Simon O’Loughlin</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Simon Taylor</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> </tr> <tr> <td>Andrew Grove</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>	Director / Skills	Capital Markets	Resources Industry	Geology / Mining	Accounting / Finance	Listed Company	Mark Connelly	✓	✓	✓		✓	Robert Greenslade	✓	✓		✓	✓	Simon O’Loughlin	✓	✓		✓	✓	Simon Taylor	✓	✓	✓		✓	Andrew Grove	✓	✓	✓	✓	✓	Yes
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<p><b>2.3 Disclose independence and length of service</b></p>	<p>The Board has assessed the independence status of each Director as at the date the Company is admitted to the Official List of the ASX and has determined the following:</p> <table border="1" data-bbox="1098 667 1329 1724"> <thead> <tr> <th>Name</th> <th>Position</th> <th>Independent</th> <th>Length of service</th> </tr> </thead> <tbody> <tr> <td>Mark Connelly</td> <td>Non-Executive Chairman</td> <td>Yes</td> <td>Appointed 17 July 2020</td> </tr> <tr> <td>Robert Greenslade</td> <td>Non-Executive Director</td> <td>Yes</td> <td>Appointed 8 April 2020</td> </tr> <tr> <td>Simon O’Loughlin</td> <td>Non-Executive Director</td> <td>Yes</td> <td>Appointed 2 March 2006</td> </tr> <tr> <td>Simon Taylor</td> <td>Non-Executive Director</td> <td>Yes</td> <td>Appointed 29 March 2007</td> </tr> <tr> <td>Andrew Grove</td> <td>Managing Director</td> <td>No</td> <td>Appointed 1 May 2021</td> </tr> </tbody> </table>	Name	Position	Independent	Length of service	Mark Connelly	Non-Executive Chairman	Yes	Appointed 17 July 2020	Robert Greenslade	Non-Executive Director	Yes	Appointed 8 April 2020	Simon O’Loughlin	Non-Executive Director	Yes	Appointed 2 March 2006	Simon Taylor	Non-Executive Director	Yes	Appointed 29 March 2007	Andrew Grove	Managing Director	No	Appointed 1 May 2021	Yes												
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Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
<b>2.4 Majority of directors independent</b>	A majority of Directors of the Company are independent, as disclosed against Recommendation 2.3.	Yes
<b>2.5 Chair independent</b>	The Chairman, Mr Mark Connelly, is an Independent Non-Executive Director. Further details regarding the current directors are included on the Company's website and are set out in the Directors' Report of the Company's Annual Report.	Yes
<b>2.6 Induction and professional development</b>	The Board does not have a formal program for inducing new Directors and providing appropriate professional development opportunities. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has been appointed because they already possess the relevant industry experience and specific expertise relevant to the Company's business and level of operations and given the activities of the Company and their own experience do not require the Company, given its size, to provide professional development opportunities. However, each new Director receives and commits to a letter of appointment which includes details of the Company's key policies and processes and continuing professional development is expected of all Directors. Directors are also entitled to seek independent professional advice at the expense of the Company (subject to approval) as may be reasonably required to assist them to carry out their duties as a director.	No
<b>Principle 3: Instil a culture of acting lawfully, ethically, and responsibly</b>		
<b>3.1 Values</b>	The Company has established a corporate vision and corporate values which can be viewed at <a href="https://www.chesserresources.com.au/visions-and-values/">https://www.chesserresources.com.au/visions-and-values/</a> . The Board has established a Code of Conduct for its Directors, executives and employees, a copy of which is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a> .	Yes
<b>3.3 Whistleblower Policy</b>	The Company has adopted a Whistleblower Policy intended to support and protect persons who speak up about any unlawful, unethical or irresponsible behaviour within the organisation, a copy of which is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a> . The Board are informed of material incidents reported under the Company's Whistleblower Policy.	Yes

Recommendation	Explanation of Chesser’s compliance with recommendations	Recommendation complied with?
<p><b>3.4 Anti-Bribery and Corruption Policy</b></p>	<p>The Company has adopted an Anti-Bribery and Corruption (ABC) Policy which links to the Code of Conduct by which the Company expects its operations and business dealings to be managed. The ABC Policy prohibits the giving of bribes or other improper payments and specifies the controls around the giving of donations and the acceptance of gifts or hospitality by officers of the Company. The ABC Policy requires the Board to be informed of any material breaches of the ABC Policy. The ABC policy is available in the Corporate Governance section of the Company’s website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a></p>	<p>Yes</p>
<p align="center"><b>Principle 4: Safeguard the integrity of corporate reports</b></p>		
<p><b>4.1 Audit committee</b></p>	<p>The Board has decided not to form a separate Audit Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Audit Committee. The Board has adopted an Audit Committee Charter; however, the full Board performs the function of the Audit Committee.</p> <p>The Company:</p> <ul style="list-style-type: none"> <li>(a) has relatively simple operations and currently only undertakes mineral exploration and development activities.</li> <li>(b) has relatively simple financial affairs with limited complexity and quantum; and</li> <li>(c) has a relatively small market capitalisation and economic value.</li> </ul> <p>As a result, the Board considers that it is more efficient and effective for the corporate reporting process to not have an Audit Committee at this stage. The Board will monitor this position as the Company’s circumstances change. The full Board determines when to seek the appointment or removal of the external auditor, and subject to any statutory requirements, the full Board will also seek rotation of the audit partner on an as required basis. Further details on the integrity measures implemented for the corporate reporting function are provided in the Audit Committee Charter which is available in the Corporate Governance section of the Company’s website at <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a></p>	<p>Yes</p>

<b>Recommendation</b>	<b>Explanation of Chesser's compliance with recommendations</b>	<b>Recommendation complied with?</b>
<b>4.2 CEO and CFO certification of financial statements</b>	<p>In respect to full year and half year financial reports, the Board obtains a written declaration from the CEO (or equivalent) and CFO (or equivalent) that, in their opinion, the financial records of the Company have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion is formed on the basis of a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting and material business risks. However, the Board will not receive declarations from the CEO (or equivalent) and CFO (or equivalent) in respect of the quarterly cash flow reports prepared and lodged in compliance with Appendix 5B of the Listing Rules as these quarterly cash flow reports are considered by the Board:</p> <ul style="list-style-type: none"> <li>• not to be a financial report or interim financial report as defined under Australian accounting standards; and / or</li> <li>• not to be capable, as a standalone report, of giving a true and fair view of the financial position and performance of the Company, only its cash flows for the relevant reporting period.</li> </ul>	Yes
<b>4.3 Verifying the Integrity of Periodic Corporate Reports</b>	The Company has an effective system of internal control and multiple review and approval stages which it applies to public documents that are not reviewed or audited by its external auditor.	Yes
<b>4.4 External auditor at AGM</b>	The Company has engaged a reputable and suitably qualified external auditor to perform the external audit function. At least one senior representative of the auditor attends the Annual General Meeting ("AGM") and is available to answer shareholder questions regarding the audit.	Yes
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>5.1 Disclosure and Communications Policy</b>	The Company has adopted a Continuous Disclosure Policy which sets out the processes and practices that ensure its compliance with the continuous disclosure requirements under applicable Listing Rules and applicable corporation law (including the Corporations Act). A copy of the Continuous Disclosure Policy is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a>	Yes



Recommendation	Explanation of Chesser’s compliance with recommendations	Recommendation complied with?
<b>5.2 Material Market Announcements</b>	The Company ensures that Directors are provided with a copy of all material market releases either prior to, or promptly after, lodgement.	Yes
<b>5.3 Investor or Analyst Presentations</b>	The Company ensures that any new substantive investor or analyst presentation is released on the ASX Markets Announcements Platform ahead of being presented, or made available to, investors or analysts.	Yes
<b>Principle 6: Respect the rights of security holders</b>		
<b>6.1 Information on website</b>	The Company keeps investors informed of its corporate governance, financial performance, and prospects via its website. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statements, investor presentations via the ‘Investors’ tab and can access general information regarding the Company and the structure of its business under the ‘Projects’ tab on the Company’s website, <a href="http://www.chesserresources.com.au">www.chesserresources.com.au</a> . Investors can access information about the Company’s corporate governance	Yes
<b>6.2 Investor relations programs</b>	The Company has an investor relations program that is commensurate with the size of the Company and its level of operations. This program involves actively engaging with interested brokers and investors and meeting with interested brokers and investors upon request. The Company responds to enquiries received from brokers and investors from time to time. In addition, access to Directors and KMP is provided at the Company’s Annual General Meeting of Shareholders, and Shareholders are always given the opportunity to ask questions of Directors and management, either during or after meetings. Any presentations prepared by the Company are posted on the Company’s website ( <a href="http://www.chesserresources.com.au">www.chesserresources.com.au</a> ), which also provides the opportunity for interested parties to join the mailing list to receive regular updates from the Company.	Yes
<b>6.3 Facilitate participation at meetings of security holders</b>	The Board encourages participation of Shareholders at its meetings of shareholders and Shareholders are provided with all notices of meeting prior to meetings, which are set at times and places to promote maximum attendance by Shareholders. Shareholders are always given the opportunity to ask questions of Directors and management, either during or after meetings. In addition, the Company’s auditor is also made available for questions at the Company’s Annual General Meeting of Shareholders (“AGM”).	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
<b>6.4 Voting by Poll</b>	The Company has adopted the process required by ASX Guidance Note 35 which stipulates that all Listing Rule resolutions be decided by poll. The Company has extended the conduct of a poll to all resolutions proposed at shareholder meetings.	Yes
<b>6.5 Facilitate electronic communications</b>	The Company welcomes electronic communication from its Shareholders via its publicised email address ( <a href="mailto:info@chesserresources.com.au">info@chesserresources.com.au</a> ) and the Company's website ( <a href="http://www.chesserresources.com.au">www.chesserresources.com.au</a> ) provides the opportunity for interested parties to join the mailing list to receive regular electronic updates from the Company. The Company's share registry also engages with Shareholders electronically and makes available a range of relevant forms on its website. Shareholders can register with the share registry to access their personal information and shareholdings via the internet.	Yes
<b>Principle 7: Recognise and manage risk</b>		
<b>7.1 Risk committee</b>	The Board has decided not to form a separate Risk Committee. Due to the size and development phase of the Company, the Board believes that no efficiencies or other benefits would be gained by establishing a separate Risk Committee. The Board as a whole is ultimately responsible for identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks. For further details of the responsibilities of the Board, the Chief Executive Officer, the Chief Risk Officer, and other management in the evaluation and continual improvement of the Company's risk management and internal control processes, refer to the Company's Risk Management Policy, which is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a>	Yes
<b>7.2 Annual risk review</b>	On at least an annual basis, the Board reviews its material business risks and how its material business risks are being managed. For the current year, management has provided to the Board the Company's Risk Register summarising the significance of each risk as well as actions taken by management to mitigate the risks. Management also provided to the Board a report on the effectiveness of the Company's management of its material business risks throughout the current year.	Yes

Explanation of Chesser's compliance with recommendations		Recommendation complied with?
<b>7.3 Internal audit</b>	<p>The Board has not established an internal audit function at this time. The full Board oversees the effectiveness of risk management and internal control processes. Refer to the Company's Risk Management Policy for responsibilities of the Board, the Chief Executive Officer, the Chief Risk Officer, and other management in the evaluation and continual improvement of the Company's risk management and internal control processes. A copy of the Risk Management Policy is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a></p>	Yes
<b>7.4 Sustainability risks</b>	<p>As discussed above, the Company identifies and manages material exposures to economic, environmental and social sustainability risks in a manner consistent with its Risk Management Policy, which is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a>. The material risks faced by the Company that could have an effect on the Company's future prospects, include: (a) availability of further funding; (b) exploration and development risks; (c) fluctuations in commodity prices; (d) sovereign risks; (e) Government regulations risks; and (f) global financial conditions..</p>	Yes
<b>Principle 8: Remunerate fairly and responsibly</b>		
<b>8.1 Remuneration committee</b>	<p>The Board has decided not to form a separate Remuneration Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. The Board has adopted a Remuneration and Nomination Committee Charter; however, the Board as a whole performs the function of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee Charter sets out the processes the Board employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. The Remuneration and Nomination Committee Charter is reviewed annually and is available in the Corporate Governance section of the Company's website <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a>.</p>	Yes
<b>8.2 Disclosure of Executive and Non-Executive Director remuneration policy</b>	<p>The Company seeks to attract and retain high performing Directors and Executives with appropriate skills, qualifications, and experience to add value to the Company and fulfil the roles and responsibilities required. It reviews requirements of additional capabilities at least annually. Executive remuneration is to reflect performance and accordingly, remuneration is structured with a</p>	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
	<p>fixed component and performance-based remuneration component. Non-Executive Directors are paid fixed fees for their services in accordance with the Company's Constitution. Fees paid are composite fee (covering all Board and Committee responsibilities) and any contributions by the Company to a fund for the purposes of superannuation benefits for a director. No other retirement benefit schemes are in place in respect to Non-Executive Directors. Further details regarding the remuneration of the Executive and Non-Executive Directors are set out in the Remuneration Report within the Annual Report.</p>	
<p><b>8.3 Policy on hedging equity incentive schemes</b></p>	<p>The Company's Directors and Executives must not enter any hedge arrangement in relation to any performance rights they may be granted or otherwise entitled to under an incentive scheme or plan, prior to exercising those rights or once exercised, while the securities are subject to a transfer restriction. Further details regarding the Company's hedging policy are set out in the Company's Securities Trading Policy which is available in the Corporate Governance section of the Company's website, <a href="https://www.chesserresources.com.au/corporate-governance/">https://www.chesserresources.com.au/corporate-governance/</a>.</p>	<p>Yes</p>