



Corporate Governance Statement



Corporate Governance Statement

Introduction

The Board of directors is responsible for the corporate governance of Chesser Resources Limited (the Company) and its controlled entities (the Group). The Group operates in accordance with the corporate governance principles as set out by the ASX corporate governance council and required under ASX listing rules.

The Group details below the corporate government practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated.

Principle 1: Lay solid foundations for management and oversight

Board Responsibilities

The Board is accountable to the Shareholders for the performance of the Company and has overall responsibility for its operations. 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 and ultimately to senior executives.

The key responsibilities of the board include:

- Approving the strategic direction and related objectives of the Group and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Group;
- Reviewing annually the performance of the managing director and senior executives against the objectives and performance indicators established by the Board;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;
- Ensuring all major business risks are identified and effectively managed; and
- Ensuring that the Group meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Group's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The Company has adopted a Board Charter that may be viewed on the Company's website www.chesserresources.com.au.

Principle 2: Structure the board to add value

Size and composition of the Board

At the date of this statement the board consists of five independent, non-executive directors and one executive director. Directors are expected to bring independent views and judgement to the Board's deliberations.

- | | |
|------------------------|------------------------|
| • Mr Mark Connelly | Non-Executive Chair |
| • Mr Simon O'Loughlin | Non-Executive Director |
| • Mr Simon Taylor | Non-Executive Director |
| • Mr Robert Greenslade | Non-Executive Director |
| • Mr Andrew Grove | CEO / MD |



The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of directors including details of their qualifications and experience are set out in the Company's Annual Report.

Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Messrs Connelly, O'Loughlin, Taylor and Greenslade are considered independent directors as they have no other material relationship or association with the Company or its subsidiaries other than their directorships. The Company therefore has four independent directors as that relationship is currently defined.

Nomination, retirement and appointment of Directors

The full Board has approved the Charter for the Nomination Committee which provides that the full Board will perform the function of a Nomination Committee. A copy of the Charter is available on the Company's website www.chesserresources.com.au

The Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.

The roles and responsibilities of the Nomination Committee are to:

- (a) *Size and Composition of the Board.* To ensure that the Board has the appropriate blend of directors with the necessary expertise and relevant industry experience, the Nomination Committee shall:
 - (i) regularly review the size and composition of the Board;
 - (ii) identify and assess necessary and desirable director competencies and provide advice on the competency levels of directors with a view to enhancing the Board;
 - (iii) make recommendations on the appointment and removal of directors;
 - (iv) make recommendations on whether any directors whose term of office is due to expire should be nominated for re-election; and
 - (v) regularly review the time required from non-executive directors and whether non-executive directors are meeting that requirement.
- (b) *Selection Process of new Directors.* The Nomination Committee is empowered to engage external consultants in its search for a new director. The initial appointment of a new Director is made by the Board. A newly appointed Director will be required to stand for election at the Company's next general meeting.
- (c) *Performance Appraisal Competency.* The Nomination Committee shall develop a process for evaluation of the performance of the Board, Board committees (if any), and when deemed appropriate by the Chair, individual Board members.
- (d) *Succession Plans.* The Nomination Committee shall review the Company's succession plans. Succession plans are to assist in maintaining the appropriate balance of skills, experience and expertise on the Board.

Board Committees

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

The Board has established an Audit, Risk and Compliance Committee, a Remuneration Committee and a Nomination Committee. Under their respective Charters, the full Board serves as the Audit, Risk and Compliance Committee, Remuneration Committee and the Nomination Committee. The Board approved Charter for each Board Committee is



available on the Company's website www.chesserresources.com.au.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board and all Employees. The Code of Conduct may be accessed via the Company's website www.chesserresources.com.au.

The Code of Conduct recognises that the Company (which includes Directors, senior executives, employees, officers, contractors, sub-contractors and agents) is committed to the following principles:

- (a) To complying with the laws and regulations of each country in which the Company operates;
- (b) To increasing shareholder value and to ensuring shareholders are fully informed as to the true position and performance of the Company through timely and accurate disclosure of information;
- (c) To the disclosure and management of any direct, indirect, actual, potential or perceived conflict of interest;
- (d) To ensuring that no Directors, senior executives, employees, officers, contractors, sub-contractors and agents or their associated parties unlawfully derives a benefit through the abuse or misuse of their position or by using for personal gain confidential information obtained through their association with the Company;
- (e) To not divulge any confidential information about the Company, its employees or its counterparties without appropriate authorization;
- (f) To providing a healthy and safe workplace free of any form of discrimination or harassment;
- (g) To not directly, or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting business; and
- (h) To act as a responsible corporate citizen and actively support the communities in which the Company operates and to contribute to the needs of those communities.

Securities Trading Policy

The Company's Securities Trading Policy regulates dealings in shares and other securities of the Company by directors, employees and contractors (restricted persons) of the Company. The policy aims to ensure that trading in the Company's shares is fair and appropriate and maintains the reputation of the Company. The Securities trading Policy may be viewed on the Company's website at www.chesserresources.com.au.

The Securities Trading Policy prescribes that directors, employees and contractors (designated persons) may only trade in the Company's securities if the proposed dealing is:

- (a) excluded trading under the policy (including the exercise of options or transactions that do not otherwise change the beneficial holding of the designated person in the Company's securities) ; or
- (b) outside a *Closed Trading Period*; or
- (c) within a *Closed Trading Period* and the *Designated Person* has obtained written clearance from the appropriate authority as set out below and an *Exceptional Circumstance* applies.

Under the Securities Trading Policy, "Closed trading period" includes the following:

- (a) from the first day of January until the second day following the public release of the Company's half year results;
- (b) from the first day of July until the second day following the public release of the sooner to occur of the Company's preliminary or final full year results;
- (c) from the first day following the close of each Quarter for which the Company is required to provide a periodic Quarterly report to the ASX until the second day following the release of that report to the ASX;
- (d) any other periods from time to time when Chesser Resources is considering matters which are subject to ASX Listing Rule 3.1 (Continuous Disclosure) as resolved by the Board;
- (e) any other periods when Designated Persons are not permitted to Deal in Company Securities as specified by any stock or security exchange that the Company is or may be listed upon; and
- (f) any other period when a Designated Person is in possession of Inside Information.



Directors must advise the Non- Executive Chairman before buying or selling securities in the Company. All such transactions are reported to the Board. In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Securities Exchange, the Company advises the ASX of any transaction conducted by directors in the Company's securities.

Diversity policy

Chesser's Board proactively encourages a culture which embraces diversity and equal opportunity throughout the Group and has put in place a Diversity Policy that may be viewed on the Company's website at www.chesserresources.com.au.

To support its objectives, the Company aims to identify programs that selectively develop and up skill its workforce, including those aimed at advancing females to senior executive positions.

Chesser operates in a competitive industry, where there is a strong demand for high calibre employees and Directors.

The Board of Directors is of the view that the best way to attract such high calibre candidates is to:

- a) establish and select from a diverse pool of candidates, and then
- b) make a decision based on the merit of the candidates.

The Company seeks to optimise its employment decision by:

- a) actively encouraging qualified applicants from a diverse range of backgrounds to apply for vacant positions;
- b) creating and fostering a diverse talent pool by its employment processes; and
- c) ensuring that its attraction, selection, employment and promotion processes and decisions (including where appropriate the selection processes used by external recruitment consultants to short list high calibre candidates) are conducted in line with the Company's Diversity principles.

Where appropriate, the Board will consider setting key performance indicators for the Board, the CEO and Key Management Personnel that are linked to the Diversity objectives set by the Board. Given the current state of the Group's development the Board does not consider it appropriate to establish formal diversity targets at this time.

The number of women in the organisation is:

Number of women employees in the whole organisation	1
Number of women in senior executive positions	Nil
Number of women on the board	Nil

Principle 4: Safeguard integrity in financial reporting

The Group aims to independently verify and safeguard the integrity of their financial reporting through establishment of the following structure:

- Review and consideration of the financial statements by the Audit, Risk and Compliance Committee;
- A process to ensure the independence and competence of the Group's external auditors.

Audit, Risk and Compliance Committee

The full Board serves as the Audit, Risk and Compliance Committee. The Board has approved a Charter for the Audit, Risk and Compliance Committee which may be viewed on the Company's website at www.chesserresources.com.au.

The Audit, Risk and Compliance Committee's primary responsibilities are to:

- a) review and assess the Company's processes which ensure the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including applicable accounting standards;



- b) review and assess the appointment, qualifications, independence, performance and remuneration of, and relationship with, the Company's external auditors and the integrity of the audit process as a whole;
- c) oversee the effectiveness of the Group's systems of internal controls and risk management including considering the appropriateness of implementing an internal audit function; and
- d) oversee the policies and procedures for ensuring the Group's compliance with relevant regulatory and legal requirements.

Principle 5: Make timely and balanced disclosure

The Company has a policy that all shareholders and investors have equal access to the Company's information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX. The Company Secretary has primary responsibility for all communications with the ASX and is accountable to the board through the chair for all governance matters.

The Company has established a Continuous Disclosure Policy that may be viewed on the Company's website www.chesserresources.com.au.

Principle 6: Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the Company's web site www.chesserresources.com.au.

The auditor is invited 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.

The Company has not designed or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 of the Corporate Governance Council. Given the size of the Company, the board does not consider design of, or disclosure of a communications policy to be appropriate. The board takes ultimate responsibility for these matters.

Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Group. The identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the Managing Director and the Board. The Board has also established the Audit, Risk and Compliance committee which addresses the risk of the Group.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. Budgets are prepared and compared against actual results.



Management and the Board monitor the Group's material business risks and reports are considered at regular meetings.

Managing Director and Chief Financial Officer Declaration to the Board of Directors

The Managing Director and the Company Secretary are required to state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Group's risk management and internal controls as they relate to the preparation of the financial reports are operating efficiently and effectively.

The Company has not designed or publicly disclosed a risk management policy and therefore has not complied with recommendation 7 of the Corporate Governance Council. Given the size of the Company, the board does not consider design of, or disclosure of a risk management policy to be appropriate. The board takes ultimate responsibility for these matters.

Principle 8: Remunerate fairly and responsibly

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is \$400,000. This amount cannot be increased without the approval of the Company's shareholders. Please refer to the remuneration report within the directors' report in the Company's most recent Annual Report for details regarding the remuneration structure of the managing director and senior management.

The Board has established a Remuneration Committee, the Charter for which may be viewed on the Company's website www.chesserresources.com.au. In accordance with that Charter, the full Board serves as the Remuneration Committee.

This Remuneration Report which forms part of the Directors' Report summarises the remuneration arrangements in place for directors and key management personnel of the Company.