



## TOPTUNG LIMITED

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## CORPORATE GOVERNANCE STATEMENT

**Dated 30 June 2016**

**Adopted by the Board on 19 August 2016**

The Board has responsibility for the corporate governance of the Company and its subsidiaries (the Group) and has implemented policies, procedures and systems of control with the objective of ensuring an appropriate framework for governance outcomes that meet the expectations of stakeholders.

The Board monitors the business affairs on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board makes reference to the ASX Corporate Governance Council (3rd Edition) Principles and Recommendations when developing its corporate governance framework. Unless disclosed in this Statement, all Recommendations have been applied for the financial year to 30 June 2016.

This Statement sets out corporate governance practices adopted by the Board and where applicable any amendments that were put in place during the financial year ended 30 June 2016. Where the Board considers that adoption of a recommendation is not applicable due to the scale of the Group's operations this is separately detailed.

As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be given further consideration. In view of the size of the Company and the nature of its activities, the Board considers that the current size and representation on the board is a cost effective and practical method of directing and managing the Company.

Further information relating to the Company's corporate governance practices and policies is publicly available on the Company's website at [www.toptung.com.au](http://www.toptung.com.au) under the heading 'About - Corporate Governance'. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the spirit of corporate governance commensurate with the Company's needs.

### **The Corporate Governance Principles and Recommendations**

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

##### **Roles and responsibilities of the Board**

The Company has established a Board Charter which details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to key management personnel.

The Board is collectively responsible for promoting the success of the Group by:

- (a) appointing and, where appropriate, removing the Chairman and Managing Director of the Group and the Company Secretary;
- (b) input into and final approval of management's development of corporate strategy and performance objectives;
- (c) reviewing and ratifying the risk management framework including systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- (d) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (e) approving the entities remuneration framework;

- (f) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (g) approving the annual budget;
- (h) monitoring the financial performance of the Group;
- (i) providing overall corporate governance of the Group, including conducting regular reviews of the balance of responsibilities within the Group to ensure division of functions remain appropriate to the needs of the Group;
- (j) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Group;
- (k) liaising with the Group's external auditors and Audit & Risk Management Committee (where there is a separate Audit & Risk Management Committee);
- (l) monitoring and ensuring compliance with all of the Group's legal obligations, in particular those obligations relating to the environment, social responsibility, cultural heritage and occupational health and safety; and
- (m) Overseeing the Group's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Group's securities.

The Board must convene regular meetings with such frequency as is sufficient to discharge appropriately its responsibilities.

The Board may not delegate its overall responsibility for the matters listed above, however it may delegate related day-to-day activities to management and staff as considered appropriate by the Board.

### **Role and Responsibilities of Management**

The role and responsibilities of management is to support the Executive Chairman or Managing Director and implement the running of the general business operations and financial management of the Group in accordance with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the agreed materiality threshold at first instance to the Executive Chairman or Managing Director or, if the matter concerns the Executive Chairman or Managing director, then directly to the lead independent director or chair, as appropriate.

A copy of the Board Charter can be located on the Company's website.

### **Director Checks**

The Group has a policy in place to check on all new appointments to the Board which include as appropriate checks on a person's character, experience, education, criminal record and bankruptcy history.

New directors are required to provide consent for the conduct of background checks and also confirm their availability to dedicate the appropriate level of time to Company related matters.

Directors appointed to a casual vacancy must stand for re-election at the next AGM. At that time the Notice of Meeting provides shareholders with information about the director including details of relevant skills, experience and any other relevant information available to the Board. A similar approach together with disclosure of length of service is adopted for directors standing for re-election under the Company's rotation policy.

### **Written Agreements with Directors**

The Group has a written agreement with all non-executive directors which sets out the terms and conditions associated with their office.

The Group entered into a Consultancy Agreement with the Executive Chairman, Dr Leon Pretorius, the key aspects of which are disclosed in the Remuneration Report contained within the Annual Report. This agreement was replaced with full-time employment post 30 June 2016.

### Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair and independent directors, on all matters associated with the proper functioning of the Board and adherence to good corporate governance practices.

The details and qualifications of the Company Secretary and the key aspects of the Consultancy Agreement with this person are set out in the Remuneration Report which is part of the Annual Report.

### Diversity

The Company has a Diversity Policy which documents the principles and commitment in relation to maintaining a diverse employee base within the Group. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Board is committed to managing diversity as a means of enhancing the Group's performance by recognizing, promoting and utilizing the diverse skill sets and talents of its employees and contractors. The Diversity Policy can be found on the Group's website.

The Group has not however set measurable objectives for achieving gender diversity due to the size and current level of activities. The Board does however continue to monitor diversity across the operations and will decide at some point in the future when it is appropriate to set such objectives. The total proportion of males and females across the organisation is listed in the table below:

Category	Male	Female
Board (non-executive only)	2	0
Management/contractors	2	1
<b>Total Organisation</b>	<b>4</b>	<b>1</b>

### Assessment of Board Performance

Improvement in Board processes and effectiveness is a continuing objective.

The Board Performance Evaluation Policy requires the following activities each year:

- (a) The Chairperson will meet with each non-executive director separately to discuss individual performance and ideas for improvement.
- (b) The Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement.

A Board Performance review was not conducted during the year due to the size of the board and the change in composition that occurred in April 2016. Preparations are underway to conduct a performance of the operation of the Board as a whole before the end of the calendar year.

### Assessment of Management Performance

Currently the management team consists of the Executive Chairman with assistance on financial and corporate compliance matters by the Company Secretary. The annual performance review of the Group's management will be undertaken at the same time as the performance assessment of the Board outlined above.

### Principle 2 - Structure the board to add value

#### Nomination Committee

The Board has not established a Nomination Committee but does have a Nomination Charter. The roles and responsibilities are set out in the Group's Nominations Charter and these are currently overseen by the full Board.

The Board monitors its composition and the roles and responsibilities of its members and will consider Board appointments and succession planning once the Group has completed feasibility studies for the Torrington Tungsten Project.

The Board shall, upon the Group reaching the requisite corporate and commercial maturity, consider the constitution of a Nomination Committee to assist the Board in relation to the appointment of directors and senior management.

The number of directors allowed under the Constitution is a minimum of three and a maximum of nine. A director may be elected by ordinary resolution at a General Meeting of shareholders. A director appointed to a casual vacancy will only hold office until the next Annual General Meeting. The Group's Constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.

### **Skills Matrix**

The Board has the objective of maintaining a mix of skills and expertise which is commensurate with the size and current activities of the Group.

The Board Skills Matrix has been updated for the change in composition in May 2016 and is based on individual self-assessment by Directors. The skills matrix considers the level of experience of the Board across a range of areas including industry, management and operational experience. Each of these areas is appropriately represented for the Company's current scale of operations.

Diversity at present is only considered based on board tenure, tertiary qualifications and geographic exposure.

A summary of the Board skills matrix is provided as an appendix to this Statement.

### **Independence**

Applying the ASX Guidelines on independence as set out in Box 2.3, it is considered that the Company has two independent directors of a three member Board. These directors are Dennis Lovell and Martin Kavanagh. The Company has consequently complied with Recommendation 2.4 in that a majority of directors are regarded as being independent. Dr Leon Pretorius and Dennis Lovell have been in office since 11 November 2014 (approximately two years) and Martin Kavanagh was appointed on 27 May 2016.

A brief summary of the skills, experience and expertise of each director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report

Independent directors have the right to seek professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Company.

The Board seeks to achieve an appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the required skills and experience in the context of the Group's operations and activities from time to time.

Where the chair is not an independent director, the Board will appoint a lead independent director when matters of conflict arise. The lead independent director will take over the role of the chair when the chair is unable to act in that capacity as a result of his or her lack of independence.

The independent directors, along with all directors, are responsible for reviewing and challenging executive performance. They are also responsible for contributing to the development of strategy.

### **Independence of the Chairman**

The Company's Chairman, Dr Leon Pretorius, does not meet the ASX Corporate Governance assessment criteria for independence due to his role as an executive and his substantial shareholding in TopTung Limited.

### **Director Induction**

On initial appointment, directors will have the benefit of an induction program aimed at deepening their understanding of the Group, its business and objectives, and the environment and markets in which the Group operates. As part of the program, directors will receive essential Board and Group information and be given briefings by management.

As part of the induction process new directors will be asked to complete a self-assessment of their capabilities and competencies to determine areas where further development will be beneficial in

contributing to the Board's performance. Development in these areas will then be considered and discussed with the new director by the Chairman and form part of the input to the Board skills matrix.

In order to develop and maintain the skills and knowledge required to perform their role, all Directors are encouraged to undertake continuing professional development in their fields of expertise. Directors will be granted reasonable access to resources and training in order to address any identified skills gap based on developments in the industry and environment in which the Company operates.

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

#### **Code of Conduct**

The Board acknowledges and emphasises the importance of all directors, employees and contractors maintaining the highest standards of corporate governance practice and ethical conduct.

A Code of Conduct has been adopted by the Group (and located on the website) requiring directors, employees and contractors to adopt the following six principles in their conduct of Group business:

- Honesty and integrity
- Confidentiality of information
- Disclosure of interests
- Disclosure of information
- Abiding by the law
- Disclosure of gifts, entertainment and travel

#### **Trading Policy**

The Company has adopted a Securities Trading Policy which can be located on the Company's website.

Any Company director, executive officer, employee or contractor or other person professionally engaged by the Company, now or in the preceding six months, is prohibited from dealing in the Company's shares at any time if that person is in possession of information that is not "generally available" and which would be likely to have a material affect the price or value of the Company's shares. This restriction is an overriding obligation. It applies during trading periods which may otherwise be permitted under the policy, if that person is in possession of "price sensitive information" which is not "generally available".

The Company's Constitution permits directors, employees and contractors to acquire securities in the Company, however Company policy prohibits directors and senior management from dealing in the Company's securities at any time whilst in possession of "price sensitive information" and for certain specified "black-out periods" associated with releasing quarterly, half yearly or annual financial results.

Directors must advise the Chair and the Chair must advise the Board before buying or selling securities in the Company. In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Securities Exchange, the Company advises the Exchange of any transaction conducted by directors in securities in the Company.

### **Principle 4 - Safeguard integrity in corporate reporting**

#### **Audit Committee**

Due to the size and nature of the Group, the Board has not established a separate Audit Committee. Currently the full Board performs this role.

The Board has approved a Charter for the Audit & Risk Management Committee which sets out the processes to be followed by the Board or the committee should this be formed at some point in the future.

The Audit and Risk Management Committee Charter can be found on the Company's website. Responsibilities specifically related to the audit function include appointment, compensation and oversight of the independent auditor and review of the half year and full year financial statements.

The number of meetings of the Board where matters related to audit is discussed and attendance at those meetings is shown in the Annual Report- Directors' Report section. This is generally ahead of release of the half-year and full-year financial reports.

### **CEO and CFO declarations**

Prior to approving the half-year and full-year financial reports the Board receives a section 295A (Corporations Act) declaration from the Executive Chairman and the Company Secretary. The Company Secretary is the most senior financial officer within the Company.

### **Auditor attendance at the AGM**

The auditor is required to attend the Annual General Meeting of shareholders. The Chairman will permit shareholders to ask questions of the auditor which concern the conduct of the audit and preparation of the Audit Report.

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

### **Continuous disclosure**

The Company has written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. The policy (ASX Continuous Disclosure Policy) is included on the Company website.

The Board has nominated the Executive Chairman and Company Secretary as the persons responsible for communications to be released to the Australian Securities Exchange (ASX) platform. The Board is however consulted on all proposed releases containing price sensitive information. The role includes responsibility for ensuring 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.

All information released to the ASX is available on the Company's website.

## **Principle 6 - Respect the rights of security holders**

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

The Company has a Shareholder Communications policy and it is available on the Company's website at [www.toptung.com.au](http://www.toptung.com.au).

The Company is committed to maintaining a Company website with general information about the Group and its operations, details of the Group's corporate governance policies and procedures and information specifically targeted at keeping shareholders informed about the Group's activities.

In particular, after confirmation of receipt by the ASX, the following is posted on the Company website:

- relevant announcements made to the market via the ASX;
- media releases;
- the full text of notices of meeting and explanatory material;
- information related to general meetings, including the Chairman's address and voting results; and
- copies of annual, half-yearly and quarterly reports including financial statements.

### **Investor relations**

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

The Board recognises the importance of regular and proactive interaction with the market in order to ensure the Company's investors remain fully informed about its activities. As well as market announcements, this interaction can be in the form of group or one-on-one briefings with investors and analysts, and presentations at industry conferences.

While the Company aims to provide sufficient information to security holders about the Group and its activities, it understands that security holders may have specific questions and require additional information. Security holders can obtain all relevant information to assist them in exercising their rights by contacting the Company at its principal place of business by either telephone, facsimile or email.

### **Participation at meetings of security holders**

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual financial reports. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings (AGMs) of TopTung Limited and are able to appoint proxies. An opportunity is also provided to engage with the Board and management on publicly available information at conclusion of the AGM.

### **Electronic communications**

Shareholders with access to the internet are encouraged to register with the Company's share registry ([www.boardroom.com.au](http://www.boardroom.com.au)) or on the Company's website in order to receive electronic notification when market sensitive information is released on the ASX platform. This electronic mail-out to shareholders is managed by the Company once the release has appeared on the ASX platform. Shareholders are also encouraged to register with the share registry (Boardroom) in order to receive shareholder related information electronically, including Annual Reports and Notice of Shareholder Meetings. This is regarded by the Company as the most cost effective approach for corporate information release and registry related activity.

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

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Board has identified the significant areas of potential strategic, business and operational risk of the Group. These are recorded in risk registers for monitoring and mitigation purposes. These registers were prepared based on the current strategy and focus of the Group and ahead of substantial field based activities.

### **Risk Committee**

Due to the size and nature of the Group, the Board has not established a separate Risk Management Committee. Currently the full Board performs this role.

The Charter for the Audit & Risk Management Committee is included on the Company's website.

The role performed by the Board in the absence of such a committee at present has been outlined under Principle 4. The number of Board meetings held during the reporting period (where matters concerning risk management are considered) and attendance at these meetings is set out in the Directors' Report within the Annual Report.

The Board is responsible for ensuring that adequate policies in relation to risk management, compliance and internal controls are in place.

The Group's Risk Management Policy in place during the reporting period is on the Company's website.

### **Risk Management oversight**

The Board is responsible for satisfying itself annually, or more frequently if required, that the Group's risk management framework continues to be sound.

A Risk Management Strategy was first approved by the Board in June 2015 and reviewed again during the current year. The Company's Risk Management Strategy is designed to identify and assess possible sources of harm to the Company and to take steps to decrease or prevent that harm from occurring. As such the Strategy requires evidence of procedures and processes that document the Group's commitment to the management of risk by – avoiding, sharing, transferring, reducing (mitigation) or accepting/retaining the risk.

To manage and assess risk the Group has adopted and 'tailored to fit' a Risk Management Plan and a Risk Manage Framework conforming with the Australia/New Zealand Standard AS/NZS ISO 31000:2009 and associated Guidelines.

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control systems. In this regard the identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the Executive Chairman in conjunction with the Company Secretary.

The Company does not believe it is of a size that warrants an internal audit function. However, the Board and management maintain the required level of assurance through a sound system of internal controls which is monitored by the Board.

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

The Group is focused on the resource delineation and exploitation of the Torrington tungsten and topaz deposits in Northern New South Wales. As there is a potential for material exposure to economic, environmental and sustainability risks this is detailed further below:

#### ***Economic***

The Company is exposed to the global commodity price for tungsten as well as community sentiment towards mining. In this regard the Company monitors the market fundamentals, government policy and community feedback.

Key economic risk exposures managed under the Risk Management Policy relate to regulatory, funding, dependency on key personnel and data management.

#### ***Environmental***

As a minerals explorer, the Company is committed to undertaking its programme of geological and geochemical testing in a responsible manner and in accordance with the regulations specified by the Department of Industry (Division of Resources and Energy). Ground disturbances arising from fieldwork are rehabilitated in accordance with the approved activities.

The Group has developed an Environmental Policy which can be found on the website.

#### ***Social Responsibility (sustainability)***

The Group operates in State Forest and on Private Land with the consent of the owners and maintains an ongoing dialogue regarding planned activities.

The Group is exposed to Occupational Health & Safety risks associated with its exploration activities. An Occupational Health & Safety Policy together with Standard Operating Procedures have been developed including site inductions and management plans in order to minimise the risk of harm to employees, contractors and the public once drilling activities commence.

A key social responsibility risk managed under the Risk Management Policy is the 'social licence to operate' from the local council and community, the Group's employees and other stakeholders. In addition the Group has identified the reputational risk of operating as a responsible corporate citizen.

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

#### **Remuneration Committee**

The Board has not established a separate Remuneration Committee. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing such a committee. The role of the Remuneration Committee is carried out by the full Board with any members interested in the matters being discussed excusing themselves from the discussion.

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

The role of the Remuneration Charter is to assist the Board in establishing policies and practices which:

- (a) enable the Group to attract and retain capable directors and employees who achieve operational excellence and create value for shareholders; and
- (b) reward employees fairly and responsibly, regard being had to the results of the Group, individual performance and general remuneration conditions.

In this regard a Remuneration Policy has been approved and can be found on the Company's website.



The duties of the Board with regard to the Remuneration Policy are:

- (a) review the Company's remuneration policies, including short-term incentives and equity awards;
- (b) oversee the formulation and review of the Company's organisational development, and succession planning for any appointed Chief Executive Officer (CEO) and senior executives;
- (c) consider whether, and if so when, shareholder approval of aspects of the remuneration policy is required; and
- (d) ensure that the Company meets its disclosure obligations in respect of remuneration matters as required under the ASX Listing Rules and the Corporations Act.

The non-executive directors are entitled to draw directors' fees and receive reimbursement of reasonable expenses for attendance at meetings. Shareholder approval for any share based remuneration linked to options is obtained in accordance with the ASX Listing Rules.

Senior executives of the Company sign employment or contractor agreements at the time of their appointment covering matters including duties, responsibilities and entitlements.

The Company discloses in its Annual Report (Remuneration Report section) details of remuneration of Key Management Personnel which includes directors and senior executives.

The table below summarises the status of the Company's compliance with each of the recommendations contained in the ASX Principles and Recommendations at the date of this statement and discloses reasons for non-compliance where necessary.

ASX Corporate Governance Principle and Recommendations		Status
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
1.1	Companies should establish and disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the Board and those delegated to Management.	<i>Compliant</i> - see the Board Charter
1.2	A listed entity should: <ul style="list-style-type: none"> <li>• Undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and</li> <li>• Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<i>Compliant</i> - appropriate checks are conducted prior to appointing a new director. Shareholders are provided with all relevant information available to the Board, relevant to a decision on whether or not to elect or re-elect a Director
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<i>Compliant</i> - written agreements are in place setting out the terms of appointment
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair on all matters to do with the proper functioning of the board.	<i>Compliant</i> - the Company Secretary is accountable to the Board, through the Chair, on all matters to do with proper functioning of the Board.
1.5	A listed entity should: <ul style="list-style-type: none"> <li>• Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>• Disclose the policy or a summary of it; and</li> <li>• Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board, and the respective proportions of men and women on the Board,</li> </ul>	<i>Non- Compliant</i> - the Company has a Diversity Policy which documents the principles and commitment in relation to maintaining a diverse group of employees. The Company has not however set measurable objectives for achieving gender diversity due to the size of the Group and its current level of activities. The Company intends to establish quantifiable measures at the time that operations grow beyond greenfield exploration.

	in senior executive positions and across the whole organisation.	
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>• Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<i>Non-Complaint-</i> the Company has a process for evaluating performance of the Board. A performance evaluation of the operation of the Board taken as a whole is planned to occur before the end of the calendar year. The Board is yet to implement a process of evaluating the performance of individual directors. Further detail is provided in this Corporate Governance Statement.
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>• Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<i>Non-Compliant-</i> A performance evaluation was not held in the current reporting period. Further detail is provided in this Corporate Governance Statement.
<b>Principle 2 - Structure the board to add value</b>		
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• A nomination committee which has at least 3 members (majority independent) , be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attending</li> <li>• If it does not have a nomination committee disclose the fact and the processes it employs to address Board 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.</li> </ul>	<i>Compliant-</i> the full Board currently carries out the function of a Nomination Committee due to the size and its current level of activity. The Board, in conjunction with the annual review process considers the size, composition, skills and competencies. Further detail is provided in this Corporate Governance Statement
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership	<i>Compliant-</i> the Board has reviewed during the current reporting period its composition and re-assessed a matrix of skills in light of its current operations and requirements – see Appendix 1
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• The names of the directors considered by the Board to be independent directors</li> <li>• If a director has an interest, position, association or relationship of the type described in Box 2.3 (ASX independent guidelines) but the Board is of the opinion that it does not compromise the independence of the director, the nature of the relationship and an explanation of why the Board is of that opinion</li> <li>• The length of service of each director</li> </ul>	<i>Compliant-</i> further detail provided in this Corporate Governance Statement.
2.4	A majority of the board of a listed entity should be independent directors	<i>Compliant-</i> at the date of this report the Board comprised of three directors, two of whom are regarded

		as independent.
2.5	The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity	<i>Non-compliant</i> - the Company has an Executive Chairman who is also a substantial shareholder. The structure of the board and management is regarded as appropriate for the current scale and focus of the Company's activities.
2.6	A listed entity should 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 roles as directors effectively	<i>Compliant</i> - the Company has an established program for inducting a new director. This covers all aspects of the Company's activities and policies. The Company encourages directors to actively participate in continuing professional development relevant to their qualifications and experience.
<b>Principle 3 – Act ethically and responsibly</b>		
3.1	A Listed entity should: <ul style="list-style-type: none"> <li>• Have a code of conduct for its directors, senior executive and employees, and</li> <li>• Disclose that code or summary of it</li> </ul>	<i>Compliant</i> - the Company has a Code of Conduct which is included on the Company's website.
<b>Principle 4 - Safeguard integrity in corporate reporting</b>		
4.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>• Have an audit committee which has at least 3 members(all of whom are non-executive directors and a majority independent), be chaired by an independent director who is not Chair of the Board, disclose the committee charter, the relevant qualifications and experience of the members of the committee, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>• If it does not have an audit committee disclose that fact and the processes it employs that independent verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner</li> </ul>	<i>Compliant</i> - the Company does not have a separate Audit Committee. See the Corporate Governance Statement for further detail on the processes in place for the full Board to manage review of financial reports, the relationship with the auditor and the financial internal control environment.
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that 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 has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<i>Compliant</i> - The Board receives a section 295A declaration from the Executive Chairman and Company Secretary (most senior financial person) before approving the financial reports for the half-year and the full-year.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit	<i>Compliant</i>

<b>Principle 5 - Make timely and balanced disclosure</b>		
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a written policy for complying with its continuous disclosure obligations and the listing rules, and</li> <li>• Disclose the policy or a summary of it</li> </ul>	<i>Compliant-</i> the policy is included on the Company's website
<b>Principle 6 - Respect the rights of security holders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website	<i>Compliant-</i> the Company has a website ( <a href="http://www.toptung.com.au">www.toptung.com.au</a> ) where investors can locate information about the Company, its directors, senior personnel and the Group's governance framework.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	<i>Compliant-</i> see the Shareholder Communication Policy on the website.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	<i>Compliant-</i> see the Shareholder Communication Policy on the website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	<i>Compliant-</i> the Company encourages the use of electronic means of communication through registering shareholder details with the share registry.
<b>Principle 7- Recognise and manage risk</b>		
7.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a committee, or committees to oversee risk, each of which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals' attendance</li> <li>• If it does not have a risk committee, or committees that satisfy the above requirements, disclose that fact and the processes it employs for overseeing the entity's risk management framework</li> </ul>	<p><i>Compliant-</i> the Company has not established a separate Risk Management Committee. The Group has however adopted a Risk Management Policy which is included on the Company's website.</p> <p>See the Corporate Governance Statement for further detail on the processes in place to manage and mitigate risk.</p>
7.2	<p>The Board, or committee, of the Board should:</p> <ul style="list-style-type: none"> <li>• Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and</li> <li>• Disclose in relation to each reporting period whether such a review has taken place</li> </ul>	<i>Compliant-</i> during the reporting period the Board reviewed the risk management framework (including a strategy and plan) for use at both a strategic level as well as an operational level once work commences on the ground at Torrington.
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• If it has an internal audit function, how the function is structured and what role it performs, or</li> <li>• If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</li> </ul>	<i>Compliant-</i> the Company does not have an internal audit function. Further details on how risk management and internal controls are evaluated are set out in this Corporate Governance Statement.

7.4	A listed entity should disclose whether it has any material exposure and social sustainability risks, and if it does , how it manages or intends to manage those risks	<i>Compliant-</i> see further detail in this Corporate Governance Statement.
<p><b>Principle 8- Remunerate fairly and responsibly</b>  Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear</p>		
8.1	<p>The Board of a listed company should:</p> <ul style="list-style-type: none"> <li>• Have a remuneration committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals' attendance</li> <li>• If it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive</li> </ul>	<p><i>Complaint-</i> the full Board performs the role of the Remuneration Committee with executive directors excusing themselves from the discussion where applicable. The Remuneration Charter set out on the Company's website.</p> <p>See further details in this Corporate Governance Statement.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<i>Compliant-</i> the Company discloses its policy on remuneration in this Corporate Governance Statement and the Remuneration Report contained within the Company's Annual Report.
8.3	<p>A listed entity which has an equity based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>• Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk and participation in the scheme, and</li> <li>• Disclose that policy or a summary of it</li> </ul>	<i>Compliant-</i> the Company has a Trading Policy which prohibits the use of derivatives. The Policy is included on the Company's website.

## APPENDIX 1

### SUMMARY OF BOARD SKILLS MATRIX

Skills and Experience (Out of 3 Directors)	
<b>Management Skills</b>	
Leadership	3
Non-Executive Board	3
Corporate Governance	3
Strategy	3
Crisis Management	3
<b>Sector Experience</b>	
Minerals sector and relevant commodity	3
Exploration Geology, Geophysics, Geochem	3
<b>Operations</b>	
Geological- resource delineation/estimation	2
Project Economics/Feasibility and Development	3
OH&S Procedures & Compliance	3
Environmental capabilities/procedures	2
Government & Community relations	3
<b>Finance and Risk</b>	
Audit/Accounting	3
IT Security and Management Systems	3
M&A /Fundraising	3
Risk Management	3
<b>People</b>	
Human Resources Management	3
Communications &Investor Relations	3
<b>Tertiary Qualifications</b>	
Geology/Engineering	2
Accounting/Economics	1
<b>Tenure</b>	
0-3 years	✓
3-6 years	-
6-9 years	-
9+ years	-

Skills were self-assessed by each director based on a scale of 1-5 where 1 indicated limited experience and 5 strongly developed skills/experience. The table above has been completed on the basis of each individual attribute with a rating of 3 or above.