

# FYI RESOURCES LIMITED

(ABN 85 061 289 218)

## CORPORATE GOVERNANCE COMPLIANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

CURRENT AT 26 SEPTEMBER 2019

FYI Resources Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at [www.fyiresources.com.au](http://www.fyiresources.com.au)

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

### Corporate Governance Compliance

A description of the Company's main corporate governance practices are set out below. All these practices, unless otherwise stated, have been in place for the financial year ended 30 June 2019. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

### Disclosure of Corporate Governance Practices

Principle	Conform	Disclosure
<b>1. Lay Solid Foundations for Management and Oversight</b>		
1.1 A listed entity should disclose: (a) The respective roles and responsibilities of its Board and management; and (b) Those matters expressly reserved for the Board and those delegated to management.	Yes	The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. The Board has sole responsibility for the following: <ul style="list-style-type: none"> <li>• Appointing and removing the Managing Director and any other executives and approving their remuneration;</li> <li>• Appointing and removing the Company Secretary and Chief Financial Officer and approving their remuneration;</li> <li>• Determining the strategic direction of the Company and measuring performance of management against approved strategies;</li> <li>• Review of the adequacy of resources for management to properly carry out approved strategies and business plans;</li> </ul>

		<ul style="list-style-type: none"> <li>• Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;</li> <li>• Monitoring the Company's medium term capital and cash flow requirements;</li> <li>• Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;</li> <li>• Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;</li> <li>• Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and</li> <li>• Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.</li> </ul> <p>Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the CEO/Managing Director and their performance is monitored and evaluated by the Board.</p> <p>Some Board functions may be handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.</p>
1.2	<p>A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward for security holders a candidate for election, as a director ; and</p> <p>(b) 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</p>	<p>Yes</p> <p>(a) The Company undertakes checks on any person who is being considered as a director. These checks may include good fame and character, experience, education and financial history and background.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director is provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Yes</p> <p>Each senior executive and executive Director has a formal employment contract and non-executive Directors have a letter of appointment.</p>
1.4	<p>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.</p>	<p>Yes</p> <p>The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>

<p>1.5 A listed entity should:</p> <p>(a) 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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) 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 in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>No</p>	<p>The Company has not adopted a formal diversity policy. The Company respects and values the benefit of diversity throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase Shareholder value and maximise the probability of achievement of the Company's goals. However, given the size and nature of the Company's current operations, the Company has not implemented a formal policy or set measurable goals with respect to diversity.</p> <p>The Company has four Directors all of whom are male. One of the Directors is also the CEO. The Company has no other employees.</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p>	<p>The Chairman is responsible for evaluation of the Board and committees as and when considered appropriate. The review is based on the goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.</p> <p>No formal review was undertaken during the reporting period. Evaluation of the Board is currently carried out on a continuing and informal basis. A formal process will be put in place when the Board considers it is justified by the level of the Company's operations.</p>

<p>1.7 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>Yes</p>	<p>The Board is responsible for the evaluation of senior executives. No formal periodic review of senior executives was undertaken during the reporting period with evaluation of management carried out on continuing basis by the Chairman. All directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.</p>
<p><b>2. Structure the Board to Add Value</b></p>		
<p>2.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a nomination committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that 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>	<p>No</p> <p>Yes</p>	<p>A nomination committee has not been established. The current size and composition of the Board does not allow for a suitably constituted nomination committee and the committee is not warranted given the level of operations of the Company. The role and processes of a nomination committee has been assumed by the full Board. When circumstance require, the Board considers the necessary skills, knowledge and experience of the Board and management and seeks to fill any gaps in these areas as appropriate.</p>

<p>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.</p>	<p>Yes</p>	<p>The Board has identified that the appropriate mix of skills and diversity required of its members to operate effectively and efficiently is achieved by personnel having substantial skills and experience in operational management, exploration and geology, mining, corporate law, finance, listed resource companies, corporate governance and equity markets as well as time availability. The current Board composition adequately addresses these areas. If and when there is a change in the Company's business and/or level of operations, the Board will reconsider the skills matrix and ensure the Board has members with the appropriate skills and experience. A profile of each Director setting out their skills, experience and expertise is set out in the Directors Report of the 2019 Annual Report.</p>												
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Yes</p>	<p>The Company currently has the following Board members:</p> <table border="0" data-bbox="987 544 2018 655"> <tr> <td>Mr Edmund Babington</td> <td>Non-Executive Chairman</td> <td>Appointed 1 July 2014</td> </tr> <tr> <td>Mr Roland Hill</td> <td>Managing Director/CEO</td> <td>Appointed 1 July 2014</td> </tr> <tr> <td>Mr Adrian Jessup</td> <td>Non-executive Director</td> <td>Appointed 30 November 2009</td> </tr> <tr> <td>Mr David Sargeant</td> <td>Non-executive Director</td> <td>Appointed 30 November 2009</td> </tr> </table> <p>The Board has assessed the independence status of the directors in terms of the ASX Corporate Governance Council's discussion of independent status and has determined that Messrs Babington, Jessup and Sargeant are independent directors.</p>	Mr Edmund Babington	Non-Executive Chairman	Appointed 1 July 2014	Mr Roland Hill	Managing Director/CEO	Appointed 1 July 2014	Mr Adrian Jessup	Non-executive Director	Appointed 30 November 2009	Mr David Sargeant	Non-executive Director	Appointed 30 November 2009
Mr Edmund Babington	Non-Executive Chairman	Appointed 1 July 2014												
Mr Roland Hill	Managing Director/CEO	Appointed 1 July 2014												
Mr Adrian Jessup	Non-executive Director	Appointed 30 November 2009												
Mr David Sargeant	Non-executive Director	Appointed 30 November 2009												
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>Yes</p>	<p>The Company has a majority of independent directors as at 30 June 2019.</p>												
<p>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.</p>	<p>Yes</p>	<p>The Company's Chairman, Mr Edmund Babington, is an independent Director.</p> <p>The role of the Chairman and the CEO are not exercised by the same person.</p>												
<p>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 role as directors effectively.</p>	<p>Yes</p>	<p>A new director is inducted into the Company's policies and processes on engagement. The Company does not have a formal policy or program for professional development of Directors. Directors are expected to maintain and develop their skills and knowledge needed to perform their role effectively. The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.</p>												

<b>3. Act Ethically and Responsibly</b>		
<p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>The Board has adopted a Code of Conduct for Directors, management and employees to promote ethical and responsible decision-making.</p> <p>The code outlines:</p> <ul style="list-style-type: none"> <li>• Responsibilities to shareholders.</li> <li>• Responsibilities to clients, employees, suppliers, creditors, customers and consumers.</li> <li>• Employment practices.</li> <li>• Responsibility to the community.</li> <li>• Responsibility to the individual.</li> <li>• Obligations relative to fair trading and dealing.</li> <li>• Business courtesies, and prohibition on bribes, facilitation payments and inducements.</li> <li>• Avoiding and dealing with conflicts of interest.</li> <li>• Confidentiality of information unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.</li> </ul>
<b>4. Safeguard Integrity in Corporate Reporting</b>		
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently 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.</p>	<p>No</p> <p>Yes</p>	<p>An Audit Committee has not been established and the role of the Audit Committee has been assumed by the full Board.</p> <p>The composition of the Board does not currently allow for a properly constituted committee in accordance with the recommendations. When the establishment of a separate Audit Committee is considered justified, an appropriate Charter will be adopted.</p> <p>The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.</p>

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.	Yes	The Board requires and has received an appropriate declaration from the CEO and CFO (or those people fulfilling the roles) before it approves the Company's financial statements for each financial period.
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.	Yes	The Company's external auditor is invited to and attends the Annual General Meeting. The auditor's presence is made known to the shareholders during the meeting and shareholders are provided with an opportunity to address questions to the auditor.
<b>5. Make Timely and Balanced Disclosure</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	In order to ensure that the Company meets its obligations with regard to the continuous disclosure requirements, the Company has adopted a Continuous Disclosure Policy. The Continuous Disclosure Policy sets out the Company's obligations and its policies and procedures to ensure timely and accurate disclosure of price sensitive information to the market. The Policy was released to ASX on 30 December 2010 and is available on the ASX website.
<b>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.	Yes	Information on the Company and its business activities is set out on the Company's website. This information includes the Company's governance policies.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No	The Company has not established a formal investor relations program. The Company does actively communicate with its Shareholders in order to identify their expectations and promotes Shareholder involvement in the Company.
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.	Yes	The Company has a Shareholder Communications Policy to ensure a regular and timely release of information about the Company to shareholders. Shareholders are encouraged to attend and participate in general meetings.
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.	Yes	Shareholders are able to make contact with and receive communications from both the Company and it share registry electronically.





<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value. These include but are not limited to:</p> <ul style="list-style-type: none"> <li>• fluctuations in exchange rates;</li> <li>• ability to source suitable new projects;</li> <li>• sovereign risk in the countries and regions of operation;</li> <li>• taxation, government regulations and the legal systems in jurisdictions of operations;</li> <li>• ability to obtain ongoing financing; and</li> <li>• fluctuations in commodity prices and investment markets.</li> </ul> <p>These risk areas are provided above to assist investors to understand better the nature of the risks faced by our Company and the industry in which it invests and operates. They are not necessarily an exhaustive list.</p>
<p><b>8. Remunerate Fairly and Responsibly</b></p>		
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) 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.</p>	<p>No</p>	<p>A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board. When the establishment of a separate Remuneration Committee is considered to be justified the Committee will comply with these recommendations and an appropriate Charter will be adopted.</p>

<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.</p>	<p>Yes</p>	<p>The Company provides disclosure of all Director and executive remuneration in its Annual Report.</p> <p>Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).</p> <p>Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed periodically to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) 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 of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>No</p>	<p>The Company has not established a policy on this matter. The Company's current option plan only provides for the issue of unlisted options to eligible participants.</p> <p>KMP are required to comply with the Company's Securities Trading Policy.</p>