

## CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices of Zenith Minerals Limited and its subsidiaries ('Group') in place throughout the financial year ended 30 June 2019, which comply with the 3<sup>rd</sup> edition of the Australian Securities Exchange ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, unless otherwise stated.

The Group's Corporate Governance Statement for the financial year ending 30 June 2019 is current as at 16 September 2019 and has been approved by the Board of Directors of Zenith Minerals Limited. The Corporate Governance Statement is available on the Zenith Minerals Limited website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au).

The company's ASX Appendix 4G, which is a checklist that cross-references the ASX Principles and Recommendations to the relevant disclosures in either this statement, the Annual Report or the company website, has been filed with ASX on 16 September 2019.

### ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

#### 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

##### Recommendation 1.1:

A Listed Entity should disclose:

- a) the respective roles and responsibilities of its board and management; and
- b) those matters expressly reserved to the board and those delegated to management.

The Board of directors of Zenith Minerals Limited is ultimately responsible for leadership and the performance of the Group. The Board monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected, and to whom they are accountable. It is responsible for setting the strategic objectives of the company, overseeing all corporate reporting systems, governance issues and risk management, remuneration frameworks and shareholder communications.

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Group in both the short and longer term, and seek to balance sometimes competing objectives in the best interests of the Group. Their focus is to enhance the interests of shareholders and other key stakeholders, and to ensure the Group is properly managed.

The Board operates in accordance with the broad principles set out in its charter, which is available from the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/>. The charter details the roles and responsibilities of the board and management, including the matters expressly reserved to the board and those delegated to management.

Management is responsible for implementing Board strategy and day to day running of general operations and the financial business for the company, ensuring that all risks and performance issues are brought to the Boards attention. Management must operate in accordance within delegated authority parameters set by the Board.

### Senior Executive Responsibilities

The Group is served by two senior executives;

- A Managing Director and a Company Secretary/Chief Financial Officer (CFO).

The Managing Director is responsible for:-

- Developing budgets, business plans and strategies for board consideration and to the extent approved by the Board, implementing these plans;
- Managing all exploration activity including the selection of area to be subject to exploration, determining the nature, type and extent of exploration activity;
- Identifying and managing operational and other risks and where those risks may have a material impact on the business, formulating strategies for consideration by the Board in managing these risks;
- Ensuring that tenements are maintained in good standing with applicable State Authorities;
- Reporting to the Board on exploration activity;
- Reporting to Board on exploration budget and financial activity;
- Periodical high-level review of key controls to ensure that they are operating as required/designed.

The Company Secretary/CFO is responsible for:

- Advising and supporting the Chairman and the Board to manage day to day governance framework of the Company;
- Ensuring the efficient operation of the registered office of the Group;
- Preparation of monthly financial reports;
- Preparation of half-year and annual financial statements;
- Reporting to and ensuring compliance with ASX Listing rules and other regulatory authorities eg. Australian Securities and Investment Commission, Australian Taxation Office;
- Ensuring the continuous operation of key controls;
- Maintenance of Group's risk register;
- Maintenance of Group records.

### Recommendation 1.2:

A Listed Entity should:

- a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and
- 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.

Prior to the appointment of a director or putting forward that person to security holders as a candidate for election as a director, the Company undertakes comprehensive reference checks of that person's character, experience, education, criminal record, bankruptcy history and ability to undertake Board duties and responsibilities as a director.

The Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Group. The company ensures that shareholders are provided with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director, together with whether the Board supports the appointment or re-election. This is outlined in the Company's Notice of Annual General Meeting.

**Recommendation 1.3:**

A Listed Entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Each director and senior executive of the Company has a written agreement outlining the key terms of their appointment as agreed upon at the time of appointment.

**Recommendation 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.

The Company Secretary reports directly to the Board through the Chairman and is assessable to all directors.

The responsibilities of the Company Secretary are outlined in above in recommendation 1.1 of this Corporate Governance Statement and in the Board Charter located at Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/>, Corporate Governance Policy No. 1 Board Charter.

**Recommendation 1.5:**

A listed entity should:

- 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;
- b) disclose that policy or a summary of it; and
- 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:
  - i) 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
  - ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under that Act.

Zenith Minerals Limited has a diversity policy which is available from the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/>.

The diversity policy aims to achieve workforce diversity in all forms including gender, age, ethnicity and cultural background. It aims to provide a work environment where equal access is provided to employees to career opportunities, training and benefits, also ensuring employees are treated with fairness and respect. Zenith Minerals Limited recognises that it will benefit from engaging its workforce, at employee and board level, from a broad and diverse pool of talented, well qualified, experienced and diverse

backgrounds who are motivated to most effectively represent the Company and its achievement of its corporate objectives.

The Board of Directors acting as the Nomination Committee is responsible for establishing measurable diversity objectives for the Company to strive to achieve and assessing annually the objectives and progress of achievement of these objectives. Measurable objectives for achieving diversity have not been set by the Board, as the Group is too small to achieve any meaningful diversity without raising the risk that diversity for the sake of diversity may adversely affect the corporate culture. Notwithstanding this, for the existing and prospective employees of all backgrounds, the Group seeks to provide the best possible opportunities that can best facilitate the future growth and innovation of the Company in a manner which reflects the principles and objectives of the Group's Diversity Policy.

The following table shows the respective proportion of men and women on the board, in senior executive positions and across the whole organisation, for the financial year ended 30 June 2019:

2018			
	Women	Men	Total
Board of Directors	0	5	5
Senior Executive Positions	1	1	2
Employees across whole organisation	2	2	4

The Board defines "Senior Executive" as a person who makes, or participates in the making of decisions that affect the business or has the capacity to affect significantly the company's financial standing. This includes all senior management as listed in the Remuneration Report contained within the Company's 2019 Annual Report.

No entity within the consolidated entity is a "relevant employer" under the Workplace Gender Equality Act 2012.

#### Recommendation 1.6:

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Chairman undertakes an annual assessment of the performance of the Board, its individual directors and its committees. The review for the current financial year occurred during June 2019 and was led by the Chairman at the Board meeting held on 27 June 2018. The process involves conducting individual interviews of its directors and board discussions. The review covers various matters including review of responsibilities set out in the Board Charter located at the Corporate Governance Information Section of the Group website at:

<https://www.zenithminerals.com.au/corporate-governance-policies/>.

Directors whose performance is unsatisfactory are asked to retire. Each Director has the right to seek independent advice at the Group's expense, however prior approval by the chairman is required, which will not be unreasonably withheld.

During the reporting period, the Chairman conducted a performance evaluation of the Board, its individual

directors and its committees in accordance with these processes. The review of the Chairman's role was conducted by independent Non-Executive Director, Mr J D Goldsworthy.

**Recommendation 1.7:**

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Managing Director is accountable to the Board for management of the Group, with authority levels approved by the Board, and is subject to the supervision of the Board. Similarly, the performance of the Company Secretary/CFO is evaluated by the Board annually. In assessing the performance of the senior executives, the review includes consideration of the senior executives' achievement of their responsibilities as outlined in Recommendation 1.1, and overall performance of the company in achieving its targets.

All senior executives were evaluated during late June 2019 in accordance with the process disclosed above.

**PRINCIPLE 2: STRUCTURE OF THE BOARD TO ADD VALUE****Recommendation 2.1:**

The Board of a listed entity should:

- a) have a nomination committee which:
  - 1) has at least three members, a majority of whom are independent directors; and
  - 2) is chaired by an independent director, and disclose:
    - 3) the charter of the committee
    - 4) the members of the committee; and
    - 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 of those meetings; or
- 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.

Due to the small size and structure of the Board, there is no separate nomination committee. The Board considers it more appropriate to set aside time at Board meetings to specifically address those matters and issues arising that would ordinarily be considered by a nomination committee. When considering nomination matters, the Board operates in accordance with its Nomination Charter which is available in the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 5 of the Corporate Governance Policies.

The following Directors comprise the Board which currently considers the nomination committee matters:

- R M Joyce (Non-Executive Director and Chairman)
- S A Macdonald (Non-Executive Director)
- J D Goldsworthy (Non-Executive Director)
- G D Riley (Non-Executive Director)

For details of the Board members and their independence status, please refer below to Recommendation 2.3 and as outlined in the Directors Report under the heading "1. Directors". The majority of the members of the Board are independent non-executive directors.

Mr Rodney M. Joyce, a non-executive director, was appointed Chairman by the Board on 9 October 2013 and has been determined by the Board to be independent. The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Group's senior executives.

The Board reviews its composition on an annual basis to ensure that it has the appropriate mix of skills, knowledge, experience and diversity to adequately discharge its responsibilities and duties. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience.

The Board held 6 board meetings during the year and 9 circular resolutions in writing during the year ended 30 June 2019, as disclosed in the 2019 Zenith Minerals Limited Annual Report in the Directors' Report under the heading "3. Directors Meetings", including the number of meetings attended by each director. Out of the 6 board meetings, 2 board meetings attended by all Directors, specifically addressed Nomination Committee related matters and 0 out of 11 circular resolutions specifically addressed Nomination matters.

**Recommendation 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.

The Board's aims to have an appropriate mix of skills, expertise, experience and diversity in its composition, to be effective in discharging its responsibilities of good corporate governance and oversight for the company and its shareholders.

The mix of skills currently comprising the Board and those that the Board consider appropriate to maintain is outlined in the Board's Skill Matrix found at the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under title 'Board Skills Matrix'. The Board's skill matrix is referred to when recruiting new directors and assessing which skills need to be outsourced based on the current board members attributes.

The Board is committed to having a diverse mix of experience and expertise, gender, age, geographic, and culture in the composition of Zenith Minerals Limited's board, to enable good corporate governance and value for the Company's shareholders.

**Recommendation 2.3:**

A listed entity should disclose:

- a) the names of the directors considered by the board to be independent directors;
- 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
- c) the length of service of each director.

Details of the Board of directors and appointment date is outlined in the 2019 Zenith Minerals Limited Annual Report in the Directors Report under the heading "1. Directors". Details of the directors' length of service and independence status is as follows:

Director Name	Executive status	Length of service at reporting date	Independence Status
R M Joyce	Non-executive Chairman	13 years (appointed 6 December 2006)	Independent
S A Macdonald	Non-executive director	13 years (appointed 24 April 2006)	Independent
J D Goldsworthy	Non-executive director	6 years (appointed 29 August 2013)	Independent
G D Riley	Non-executive director	1 year (appointed 2 May 2018)	Independent
M J Clifford	Executive director	5 years (appointed 18 March 2014)	Not-independent

The Board assesses independence each year. Directors must provide all information that may be relevant to this assessment. There are four non-executive directors who are deemed independent at reporting date. Directors of the Board are entitled to the right to have adequate access at all times, in appropriate circumstances, to independent professional advice that will facilitate independent judgement in board decisions at the expense of the Company.

The board may determine that a director is independent notwithstanding the length of service or existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations, 3<sup>rd</sup> Edition.

Details of directors that the Board has declared as independent, but which maintain an interest or relationship that could be perceived as impairing independence, and the reason as to the Boards determination are as follows:

The Chairman, Mr R M Joyce, has close family ties with a person (spouse) who is a substantial security holder of the entity. The Board is of the opinion, that this does not compromise the independence of Mr R M Joyce because the holding aligns the interests of the director with those of the shareholders and is encouraged by the company.

**Recommendation 2.4:**

A majority of the board of a listed entity should be independent directors.

Given consideration to the responses outlined above in Recommendation 2.3, the majority of the Board comprise independent directors at reporting date.

**Recommendation 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.

Mr Rodney M. Joyce, a non-executive director, was appointed Chairman by the Board on 9 October 2013 and has been determined by the Board to be independent as detailed above in recommendation 2.3. Mr M J Clifford is the appointed Chief Executive Officer of the Group.

**Recommendation 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.

All new directors participate in an induction program which covers the operation of the Board and company policies, its committees and financial, strategic, operations and risk management issues. To ensure directors maintain and enhance their skills to effectively perform their role as directors, they are encouraged to undertake continuing professional education through the attendance at industry seminars and relevant education courses, as approved by the company.

The Board acting as the Nomination Committee oversees and reviews director induction programs and continuing professional development in accordance with its Nomination Charter which is available in the Corporate Governance Information Section, under policy 5 of the Corporate Governance Policies of the Group, found on the website at <https://www.zenithminerals.com.au/corporate-governance-policies/>

**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY****Recommendation 3.1:**

A listed entity should:

- have a code of conduct for its directors, senior executives and employees; and
- disclose that code or a summary of it.

The company has a code of conduct which has been fully endorsed by the Board and applies to all directors, senior executives and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behavior and professionalism and the practices necessary to maintain confidence in the Group's integrity.

The code of conduct is available from the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 8 of the Corporate Governance Policies.



**PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING****Recommendation 4.1:**

The board of a listed entity should:

- a) have an audit committee which
  - 1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - 2) is chaired by an independent director, who is not the chair of the board, and disclose:
    - 3) the charter of the committee;
    - 4) the relevant qualifications and experience of the members of the committee; and
    - 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
- 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.

There is no separate audit committee. This is because, in the opinion of the Board, the added expense associated with the establishing a separate independent audit committee, cannot be justified in a Group the size of Zenith Minerals Limited.

The Board considers those matters and issues arising that would normally fall to the audit committee. The Board, acting as the audit committee, has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates.

The following non-executive directors comprise the Board which currently considers the audit committee matters:

- R M Joyce (Non-Executive Director and Chairman)
- S A Macdonald (Non-Executive Director)
- J D Goldsworthy (Non-Executive Director)
- G D Riley (Non-Executive Director)

For details of the Board members and their independence status, please refer above to Recommendation 2.3. The Board's relevant qualifications and experience are as outlined in the 2019 Zenith Minerals Limited Annual Report in the Directors Report under the heading "1. Directors". The majority of the Board includes four non-executive directors who are deemed independent.

The Chair is deemed independent as outlined above in recommendation 2.5. Mr Rodney M. Joyce, a non-executive director, was appointed Chairman by the Board on 9 October 2013. The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Group's senior executives. As explained above, due to the size of Zenith Minerals Limited, the Board acts in accordance with the Charter of the Audit Committee, as there is no separate audit Committee and hence no separate Chair from the Chair of the Board as recommended in 4.1(a)(2) of the 3<sup>rd</sup> edition of the ASX Corporate Governance Principles and Recommendations.

The Board, acting as the audit committee, operates in accordance with a charter which is available from the Corporate Governance Information Section of the Group website at

<https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 3 of the Corporate Governance Policies, which also includes the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board held 6 board meetings during the year and 9 circular resolutions in writing during the year ended 30 June 2019, as disclosed in the 2019 Zenith Minerals Limited Annual Report in the Directors' Report under the heading "3. Directors Meetings", including the number of meetings attended by each director. Out of the 6 board meetings, 3 board meeting specifically addressed audit committee related matters and there were 2 out of 9 circular resolutions that specifically addressed audit committee matters. Mr G Riley attended 2 out of the 3 board meetings specifically addressing Audit Committee related matters. All other Directors were present at the 3 board meetings specifically addressing audit committee matters.

#### Recommendation 4.2:

The board of a listed entity should before it approved 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 the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In relation to the financial year ended 30 June 2019 and the half year ended 31 December 2018, the Board has obtained a written declaration from the Managing Director (CEO) and the Company Secretary/CFO, in the form set out in Recommendation 4.2.

#### Recommendation 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.

The external auditor attends each Annual General Meeting and is available to answer shareholder questions relevant to the audit.

### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

#### Recommendation 5.1:

A listed entity should have:

- a) a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b) disclose that policy or a summary of it.

The Group has a written policy titled "Disclosure Policy and Communications Strategy" which outlines the processes followed by the Group and its directors, executives and employees in ensuring compliance with its continuous disclosure obligations and its market communications strategy.

A summary of these policies and procedures is available from the Corporate Governance Information Section of the Group's website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 10 'Disclosure Policy and Communications Strategy' of the Corporate Governance Policies.

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

### Recommendation 6.1:

A listed entity should provide information about itself and its governance to investors via its website.

Information about the Group and its operations is located at [www.zenithminerals.com.au](http://www.zenithminerals.com.au). Information about the Group's corporate governance is available from the Corporate Governance Information Section of the Group's website at <https://www.zenithminerals.com.au/corporate-governance-policies/>.

### Recommendation 6.2:

A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.

And

### Recommendation 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.

The Group's written policy titled "Disclosure Policy and Communications Strategy" outlines processes designed to encourage effective, timely, balanced and understandable information concerning the Group to its shareholders and the market which adheres to the principles of continuous disclosure. It also outlines policies and processes in relation to communications with analysts, media or other external parties to ensure communications comply with continuous disclosure requirements. A summary of these policies and procedures is available from the Corporate Governance Information Section of the Group's website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 10 'Disclosure Policy and Communications Strategy' of the Corporate Governance Policies.

Initiatives to facilitate this include making all Group announcements, media briefings, and details of Group meetings, press releases for the last three years and financial reports for the last five years available on the Group's website. All information released to the market and related information (such as information provided to analysts or the media) is placed on the Group's website as soon as possible following the release to the ASX.

The Annual Report is provided via the Group's website to all shareholders, unless a shareholder has specifically requested to receive a physical copy. The annual report includes relevant information about the operations and activities of the Company and its subsidiaries during the year, changes in the state of affairs and details of future developments. The half year report contains summarised financial information and a

review of operations of the Company and its subsidiaries. This is sent to shareholders upon shareholder request.

The website also includes a feedback mechanism and an option for shareholders to register their email address for direct email updates on Group matters.

Full texts of notices of meetings and explanatory material are placed on the Group's website. The Group encourages full and effective shareholder participation at general meetings. Shareholders generally participate in these meetings through the appointment of a proxy.

**Recommendation 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.

The Group manages with its Share Registry, the majority of communications with Shareholders. Shareholders are encouraged to receive correspondence from the Group electronically to enable a more efficient and effective communication methodology with shareholders. The Group's website found at [www.zenithminerals.com.au](http://www.zenithminerals.com.au) also provides links to its share registry, Security Transfer Australia, and includes a feedback mechanism and an option for shareholders to register their email address for direct email updates on Group matters.

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

**Recommendation 7.1:**

The board of a listed entity should:

- a) have a committee or committees to oversee risk and each of which:
  - 1) has at least three members, a majority of whom are independent directors; and
  - 2) is chaired by an independent director, and disclose:
    - 3) the charter of the committee
    - 4) the members of the committee; and
    - 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
- b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board, acting as the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Board, acting as the audit committee, operates in accordance with a charter and its risk management policy which is available from the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 3 and policy 11 of the Corporate Governance Policies.

The Board acting as the audit committee, specifically reviews the risk management framework twice a year, at half year and year end, to ensure that it continues to be effective in relation to the Group's operations and objectives. The Board held 6 board meetings during the year and 9 circular

resolutions in writing during the year ended 30 June 2019, as disclosed in the 2019 Annual Report in the Directors' Report under the heading "3. Directors Meetings", including the number of meetings attended by each director. Out of the 6 board meetings, 2 board meetings attended by all Directors, specifically addressed risk management matters (Nil circular resolutions), including the half year and year end review of the risk management framework.

Recommendation 4.1 provides the information and/or location of information referred to in Recommendation 7.1 paragraph (a).

**Recommendation 7.2:**

The board or a committee of the board should:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

The Group's risk management policy requires the Board, acting as the audit committee, to review the risk management framework and material risks that could impact the Group's business activities, at least twice a year. The risk management policy is available from the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 11 of the Corporate Governance Policies.

In the reporting period, the Board conducted its review of the Group's risk management framework, during half-year reporting and year end reporting, to satisfy itself that it continues to be sound.

**Recommendation 7.3:**

A listed entity should disclose:

- a) if it has an internal audit function, how the function is structured and what role it performs; or
- b) 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.

In the opinion of the Board, the added expense associated with the establishing a separate independent internal audit function, cannot be justified in a Group the size of Zenith Minerals Limited.

As there is no separate internal audit function, the Board, acting as the audit committee, operates in accordance with a charter which is available from the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 3 of the Corporate Governance Policies, which addresses the monitoring and reviewing of the effectiveness of the Group's internal control environment and governance covering:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations.

Ultimate responsibility for risk oversight and risk management rests with the full Board. The risk management policy which sets out a risk management framework is available from the Corporate

Governance Information Section of the Group website at:

<https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 11 of the Corporate Governance Policies.

In accordance with its risk management policy, management is responsible for developing and implementing a sound system of risk management and internal control. Management carries out regular systematic monitoring of control activities and reports to the Board. The Board requires management to design and implement a risk management and internal control system to manage the Group's identified risks. Risk analysis determines the appropriate risk management strategies and internal controls that are needed to best manage those risks. Once these have been determined, appropriate internal control and other risk mitigation strategies are identified and implemented. The CFO, regularly monitors and assesses the effectiveness and performance of internal controls and the risk mitigation strategies and reports to the Managing Director, who reviews the results and reports to the Board at least twice a year.

#### Recommendation 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.

The Group strives to achieve industry practice in safety, business conduct, social, environmental and economic activities and seeks to identify, assess and manage those risks to the best of the Group's ability in its operations. As outlined in the Corporate Governance Information Section of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 12 "Health, Safety, Environment and the Community" of the Corporate Governance Policies, the Group aims for sustainable and ethical business practices and is committed to respectful, fair and responsible treatment of employees, business partners and positive impact on communities in which it operates.

The Group has in place policies and procedures, including its Risk Management Policy which enables the identification, assessment, monitoring, and management of material business risks that could have material impact on its business activities as outlined above in recommendation 7.1 and 7.2.

The Board is of the view that it has adequately disclosed in the 2019 Annual Report the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Group does not currently have any specific material exposure to environmental and social sustainability risks.

### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

#### Recommendation 8.1:

The board of a listed entity should:

- a) have a remuneration committee which:
  - 1) has at least three members, a majority of whom are independent directors; and
  - 2) is chaired by an independent director, and disclose:
  - 3) the charter of the committee

- 4) the members of the committee; and
  - 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
- 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.

There is no separate remuneration committee. This is because the Board is of the opinion that the Group is too small to justify the extra expense of forming and running a remuneration committee. Accordingly, the Board considers those matters and issues arising that would usually fall to the remuneration committee, in accordance with its Remuneration Committee Charter, which is available in the Corporate Governance Information Section, under policy 7 of the Corporate Governance Policies of the Group website <https://www.zenithminerals.com.au/corporate-governance-policies/>.

The following non-executive directors comprise the Board which currently considers the remuneration committee matters:

- R M Joyce (Non-Executive Director and Chairman)
- S A Macdonald (Non-Executive Director)
- J D Goldsworthy (Non-Executive Director)
- G D Riley (Non-Executive Director)

For details of the Board members and their independence status, please refer above to Recommendation 2.3 and as outlined in the 2019 Zenith Minerals Limited Annual Report in the Directors Report under the heading "1. Directors". The majority of the Board includes four non-executive directors who are deemed independent. Mr Rodney M. Joyce, a non-executive director, was appointed Chairman by the Board on 9 October 2013 and is has been determined by the Board to be independent.

The Board held 6 board meetings during the year and 9 circular resolutions in writing during the year ended 30 June 2019, as disclosed in the 2019 Zenith Minerals Limited Annual Report in the Directors' Report under the heading "3. Directors Meetings", including the number of meetings attended by each director. Out of the 6 board meetings, 2 board meetings attended by all Directors, specifically addressed remuneration related matters and 0 out of 9 circular resolutions specifically addressed remuneration related matters.

**Recommendation 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.

The Group's policies and practices regarding remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Remuneration Committee Charter which is available in the Corporate Governance Information Section, of the Group website <https://www.zenithminerals.com.au/corporate-governance-policies/> under policy 7 of the Corporate Governance Policies.

Further details in relation to Zenith Minerals Limited's remuneration policies are contained in the 2019 Zenith Minerals Limited Annual Report in the Remuneration Report at section 4. of the Directors Report.

**Recommendation 8.3:**

A listed entity which has an equity-based remuneration scheme should:

- 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
- b) disclose that policy or a summary of it.

The Group has an equity based remuneration scheme in the form of share options, which are granted from time to time to encourage longer term performance objectives. The Group's Securities Trading Policy and Guidelines details that recipients of equity-based remuneration (eg. incentives options) are prohibited from entering into any transactions that would limit the economic risk of options or other unvested entitlements.

The Securities Trading Policy and Guidelines is available in the Corporate Governance Information Section, of the Group website at <https://www.zenithminerals.com.au/corporate-governance-policies/>.