



## Corporate Governance Statement

The Directors (the “Board”) of Tyranna Resources Limited (“Tyranna” or “the Company”) are committed to the implementation of the highest standards of corporate guidance. In determining what these standards should be, the Board references guidance and supports, where appropriate the Corporate Governance Principles and Recommendations with 2014 amendments (3<sup>rd</sup> Edition) (3<sup>rd</sup> Edition Recommendations or ASX Recommendations”) established by the ASX Corporate Governance Council (the “Council”)

This statement outlines the key aspects of Tyranna Resources’ governance framework and practices. The charters, policies and procedures are reviewed regularly and updated to comply with the law and best practice. This statement contains specific information and discloses the extent to which the Company intends to or is able to follow the 3<sup>rd</sup> Edition Recommendations. The charters and policies of the Company can be viewed on the Company’s website [www.tyrannaresources.com](http://www.tyrannaresources.com).

The Council’s recommendations are not prescriptive and, if certain recommendations are not appropriate for the Company given its circumstances, it may elect not to adopt that particular practice in limited circumstances. The Company believes that during the reporting period ended 30 June 2017 its practices are largely consistent with those of the 3<sup>rd</sup> Edition Recommendations and where they do not follow a recommendation this statement identifies those that have not been followed and details reason for the non adherence. Even where there is deviation from the recommendations the Company continues to review and update its policies and practices in order that it keeps abreast of the growth of the Company, the broadening of its activities, current legislation and good practices.

The Corporate Governance Principles and Recommendations with 2014 amendments are:

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of the shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

The Corporate Governance statement reports on the main practices of Tyranna Resources as at the 30<sup>th</sup> June 2017 and has been approved by the Board.



## Principle 1

Lay solid foundations for management and oversight

### Role of the Board

The Board is responsible for guiding and monitoring Tyranna Resources Limited (and its controlled entities) on behalf of the members by whom they are elected and to whom they are accountable. Given the size of the Company and the Board, the Board undertake an active role in the management of the Company.

The Board is ultimately responsible for and has the authority to determine all matters relating to the strategic directions, policies, practices, establishing goals for management and the operation of the Company.

The Board's role and the Company's Corporate Governance practices are continually being reviewed and updated to reflect the Company's circumstances and growth. The Board has adopted a Charter which sets out the responsibilities of the Board and its structure and governance, as well as the matters expressly reserved for the Board and those delegated to management. A copy of the Charter is available on the Company's website.

The Board is responsible for determining the strategic direction and objectives of the Company and overseeing management's achievements against these.

The Board has the responsibility of executives such as a Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), Chief Financial Officer ("CFO") (or their equivalent) and the Company Secretary. The Board is also responsible for approving and monitoring the progress of major capital expenditure, capital raising and management, acquisition and divesture of Company assets.  
(ASX Recommendation 1.1)

### Structure of the Board

The Board currently comprises of four Directors. Details of the Directors who have office during the year under review are:

Name of Director	Independent	Skill/Background	Date of appointment/resignation
Joseph S. Pinto	Yes – Non Executive Chairman	Legal	18 July 2016
Bruno Seneque	No – Managing Director	Accounting & Corporate Administration	22 December 2014
Nicholas Revell	No – Technical Director	Geology	1 August 2016
Frank Lesko	Yes – Non Executive Director	Investor	1 August 2016
Ian D. Finch	No - Executive Chairman	Geology	Resigned - 1 August 2016
Neil W. McKay	No – Former Company Secretary	Accounting & Corporate Administration	Resigned - 1 August 2016

(ASX Recommendation 2.2 & 2.3)



The Company is guided by the board for the selection, nomination and appointment of Directors. As part of this process the Board ascertain the qualifications and experience that a potential candidate possesses. Background checks, as appropriate are carried out before a person is appointed by the Board. Prior to the Annual General Meeting, the Board determines the suitability of a Director for re-election with reference to the outcome of annual Board performance reviews and any other relevant matters. Sufficient background information including biographical details and other directorships is provided in the Annual Report and/or the Notice of Meeting in order for shareholders to inform themselves of potential candidates and their independency.

*(ASX Recommendation 1.2)*

The Managing Director, Technical Director, Company Secretary and senior executives of the Company have agreements in writing with Company which sets out their key terms and conditions of their appointment. Given the size of the Company at this stage and the experience and skills that the non-executive directors' possess, the Board do not believe that there would be any benefit to the Company in entering into formal agreements with the non-executive directors.

*(ASX Recommendation 1.3)*

#### **Company Secretary**

The Company Secretary is directly accountable to the Board through the Chairman, who the Company Secretary has direct contact and line of reporting to. The Company Secretary is responsible for advising the Chairman and the Board to manage the day to day governance framework of the Company. The responsibilities of the Company Secretary are contained in the Charter which is available on the Company's website.

*(ASX Recommendation 1.4)*

#### **Diversity Policy**

As the Company has a small number of staff, the Board does not believe that any benefit would be obtained in setting measurable objectives for achieving gender diversity and has not so. Neither is the Company a 'relevant employer' under the Workplace Gender Equality Act.

A copy of the Company's Diversity Policy can be found on the website.

*(ASX Recommendation 1.5)*

#### **Annual Review**

The Board has appointed the Chairman as the person responsible for conducting at least an annual, or as necessary, a review of the performance of key executives, both qualitative and quantitative measures will be used consistent with performance targets set annually by the Board in consultation with the respective executive. The Chairman will report to the Board on their performance and the Board will then consider any changes to remuneration and the establishment of any new performance targets.

*(ASX Recommendation 1.6)*

The Chairman has conducted an executive management review during the year under review.

*(ASX Recommendation 1.7)*



## Principle 2

### Structure of the Board to add value

During the financial year, the Company's Board structure changed with the appointment of new independent Non- Executive Directors in July/August 2016. The names of the Directors at the date of this report, or throughout the year and their qualifications are set out in the section of the Annual Report headed 'Directors Report'.

The size and composition of the Board is determined so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills considered necessary to achieve the strategic objectives of the Company.

The Board considers that the independence of Directors is based on their capacity to put the best interest of the Company and its shareholders ahead of all other interests, so that Directors are capable of exercising objective independent judgement.

The Board has regard to the potential for conflict of interest, whether actual or perceived when evaluating vacancies to be filled and the extent or materiality of these in the ongoing assessment of a director's independence. The Board is of the view that the existence of one or more of the relationships as defined the 3<sup>rd</sup> Edition will result in the Director not being classified as independent and the Company will seek to implement additional safeguards to ensure independence.

With the changes of the Board taking place, in accordance with the 3<sup>rd</sup> Edition Recommendation 2.5, the Company appointed Mr Pinto to the role of Non-Executive Chairman.

ASX Recommendation 2.4 requires a majority of the Board to be independent i.e. a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with the independence of the judgment of a director. Based on this definition Mr Seneque and Mr. Revell could not be considered independent by virtue of them being an executive or officer of the Company.

Notwithstanding the 3<sup>rd</sup> Edition Recommendations are not strictly followed, the Board believes that given the Company current operation, the formation of the Board is appropriate as it is not practical at this stage to have a majority of independent Directors. Therefore, the Board takes the view that the interests of the Shareholders are best served with the present composition of the Board and has resolved that the situation will be monitored as the operations of the Company evolve and appointment of independent Directors as the necessity and opportunities arise.

Each Director is required to disclose any interest which might create a potential conflict of interest with his duties as director, or which would affect his independence. Directors are appointed in accordance with the Constitution of the Company and are appointed for a period of 3 years until the third annual general meeting following the appointment. Any Director appointed by the Board during the year stands for re-election at the next annual general meeting.



Given the size of the Company there is no formal induction process for new directors. Rather any new Director will be provided with a personalised induction which will be dependent upon the skills, experience and knowledge of the Company that the new Director may possess. A new Director induction will include meetings with management and the provision of the Company's policies and procedures.

*(ASX Recommendation 2.6)*

Neither has the Company established a Nomination and Remuneration Committee to review Board membership. Due to the size of the Company this does not comply with ASX Recommendation 2.1. The Board takes the view that the interests of the Shareholders are best served with the Board, as a whole fulfilling this role but has resolved that the situation will be monitored as the operations of the Company evolve and the formation of a Nomination and Remuneration Committee will be implemented as the necessity and opportunity arises.



## **Principle 3**

Act ethically and responsibly

### **Charter**

The Board operates in accordance with the broad principles set out in the Charter, which is reviewed and updated by the Board on an annual basis. It has also adopted a written Code of Conduct which establishes guidelines for its conduct. The purpose of the Code of Conduct is to ensure that Directors, officers, employees and contractors act honestly, responsibly, legally and ethically and in the best interest of the Company.

### **Code of Conduct**

The code of conduct aims to encourage the appropriate standards of conduct and behaviour of directors, officers, employees and contractors of the company.

They are expected to act with integrity and objectively, striving at all times to enhance the reputation and performance of the Company. In general, the Company requires that each must comply with all laws and regulations. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the jurisdiction in which the Company operates.

They should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interest and the interests of the Company. The practices of the Board are aimed at promoting ethical and responsible decision making. The Board strives for a good corporate governance and industry's best practice. It specifically requires that:

- Employees of the Company act honestly, in good faith and in the best interests of the Company:
- Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment:
- Employees must recognise that their primary responsibility is to the Company's stakeholders:
- Employees must not take advantage of their position for personal gain, or the gain of their associates:
- Directors have an obligation to be independent and unbiased in their judgements:
- Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission of the Company ; and
- Employees have an obligation to comply with the spirit as well as the letter of the law and with the principles of this code.

*(ASX Recommendation 3.1)*

### **Conflicts of interest**

Directors and employees must keep the Board advised on an ongoing basis, of any interest that may lead to a conflict with the interests of the Company. Where the Board believes that there is a significant or material conflict, the Director or employee concerned shall be excluded from all



discussions and access to documents, including Board papers and the like, and shall not be present at any Directors meeting during the consideration or vote on such a matter.

**Independence of Professional Advice**

The Board has determined that individual Directors have the right to seek independent professional advice in connection with any of their duties and obligations as Director of the Company. Before a Director may obtain that advice at the Company's expense, the Director must obtain the approval of the Chairman, who will not unreasonably withhold that consent. If appropriate any advice received will be made available to the full Board. No member of the Board availed themselves of this entitlement during the year.



## Principle 4

Safeguard integrity in corporate reporting

### Committees

#### **Audit and Remuneration and Nomination.**

Given the size of the Company, the Board considers it inappropriate and costly to delegate responsibilities to various Board Sub Committees and is, therefore, not in compliance with ASX Recommendation 4.1. However, procedures have been implemented that the Board considers adequate to fulfil the tasks of these committees as if they had been formed.

- **Audit**

Every Director is entitled to seek a one on one private discussion with the audit partner and/or staff of the Company's auditor:

The audit partner may request and receive a one on one meeting with any director of the Company at any time:

The audit partner is invited to attend a meeting of directors prior to the signing of half yearly and full year financial accounts and discuss any matter considered to be appropriate:

Prior to the approval of financial statements within a reporting period, the Board requires the Managing Director and Chief Financial Officer to confirm, in writing, that

*the financial records of the company have been properly maintained in accordance with section 286 of the Corporations Act 2001;*

*the financial statements and notes comply with the Accounting Standards; and  
the financial statements and notes give a true and fair view.*

*(ASX Recommendation 4.1, 4.2 & 4.3)*

The external auditor is required to attend the Annual General Meeting and make himself available to answer questions from the stakeholders.

- **Remuneration and Nomination**

The Board oversees the remuneration taking into consideration economic factors and industry trends. Management may nominate a prospective employee, if and when required. Upon receiving a detailed C.V. and conducting independent third party checks and confirmations. The Board has the responsibility of accepting or declining the appointment of an employee.





## Principle 5

### Timely and balanced disclosure

The ASX defines continuous disclosure in its Listing Rules as “the timely advising of information to keep the market informed of events and developments as they occur”. ASX Listing Rules and the Corporations Act require that the Company discloses to the market matters which a reasonable person would expect to have a material effect on the price or value of the Company’s securities.

The Company’s Continuous Disclosure Policy is designed to meet market best practice, ensuring that all interested parties have an equal opportunity to obtain information which is issued by the Company. It is the Company’s policy for the immediate reporting of any matter which could potentially have a material effect. The Managing Director is responsible for monitoring information which could be price sensitive, liaising with the Company Secretary to make an initial assessment and forwarding to the Board for confirmation of disclosure of such information. The Managing Director monitors daily activity to ascertain what matters should be considered for disclosure and as soon as a matter is considered appropriate for disclosure the Managing Director notifies the Company Secretary. It is noted that the Company must not delay in giving this information to ASX. Therefore, if not all Directors are immediately available, the Company Secretary is authorised to lodge such information upon receiving the majority of Directors approval.

It is also the Company’s policy that price sensitive information will be disclosed, in the first instance to ASX, and then to others. Material information must not be selectively disclosed e.g. to analysts, the media or shareholders, prior to being announced to ASX.

The Company uses its website [www.tyrannaresources.com](http://www.tyrannaresources.com) as a communication tool for distribution of the annual report, market announcements and media disclosures.

*(ASX Recommendation 5.1)*



## **Principle 6**

Respect the rights of security holders

The Company keeps shareholders and other interested parties informed of performance and major developments via communications through its website. This includes details of the Governance framework adopted by the Company, including copies of the Corporate Governance Policies and Charters. The link is <http://www.tyrannaresources.com/about/corporate-governance>  
*(ASX Recommendation 6.1)*

The Company has a Shareholders and Communications Policy that outlines the process followed to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure.  
*(ASX Recommendation 6.2)*

At every general or annual general meeting of shareholders, time is set aside for any shareholder to direct a question to any director. If the Chairman is of the opinion that the question is one which cannot rightfully be put before the meeting, then immediately after the meeting is closed such questions are addressed in a general forum.  
*(ASX Recommendation 6.3)*

In addition, the website contains a function to allow interested parties to subscribe to receive electronic notification of public releases and other relevant material concerning the Company and its activities.  
*(ASX Recommendation 6.4)*



## **Principle 7**

### Recognise and manage risk

Given the size of the Company, the Board has not established a risk committee nor does it have an internal audit division. This is not in accordance with the 3<sup>rd</sup> Edition Recommendation 7.1 and 7.3. Rather the Board is responsible for the Company's risk management. The responsibility and control of risk management is overseen by the Chairman, with matters delegated to the appropriate level of management within the Company. The Company Secretary is responsible for assuring the systems are maintained and complied with.

The mitigation and management of financial and operational risks are agenda Board agenda items on a regular basis. The Chief Financial Officer/Company Secretary report to the Board whether the Company's assets are physical or financial risk.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control:

The responsibility for undertaking and assessing risk management lays with the Board, which is required to review efficiency and effectiveness of risk management on a regular basis and comparing against industry standards:

The risk profile of the Company includes both financial and non-financial factors including material risks arising from operational efficiency, exploration best practice and compliance with State and Federal environmental rehabilitation laws.

The Company undertakes mineral exploration activities and as such faces inherent risks to its business, including economic, environmental and social sustainability risks which may materially impact the Company's ability create or preserve value for shareholders over the short, medium or long term. The Board keeps itself informed of possible material exposure to risk that the Company may face, and strategy to minimise the Company's exposure.

*(ASX Recommendation 7.4)*

Company personnel and contractors are required to attend risk meetings as and when required, especially if site visits are contemplated. The core importance to the Company is safety, which it considers a priority not only in respect to its employees and contractors but also to the community and the environment in which it operates. The Company is of the opinion that if these matters are priorities then they will act as drivers for value to shareholders. The Company has a comprehensive health and safety policy manual.

During the year under review, the Company's Board has completed an informal review of its risk management framework. *(ASX Recommendation 7.2)*



## Principle 8

### Remunerate Fairly and Responsibly

The Board has not established a Nomination or Remuneration Committee. . This is not in accordance with the 3<sup>rd</sup> Edition Recommendation 8.1.

Given the size of the Board, the Directors have determined that it is neither, efficient, or viable to have a majority of independent directors forming the Committee. Nor does the Board believe that any advantage would be achieved at this juncture taking into account the size of the Company and the Board to have a separately constituted Remuneration Committee to carry out this function.

ASX Listing Rules and the Constitution require that the maximum aggregate amount of remuneration to be allocated among the non-executive Directors be approved by the shareholders in general meeting. In proposing the maximum amount of consideration by shareholders, and in determining the allocation, the Board, as a whole, take into account the time demands made on Directors, and such factors as fees paid to non-executive Directors in comparable Australian companies. The remuneration and benefits of Directors and Senior Management are disclosed in the Annual Report in the section entitled 'Directors Report' (ASX Recommendation 8.2)

There are no termination and retirement benefits to non-executive directors other than statutory superannuation entitlements.

The remuneration policy of non-executive and executive directors is contained in the 2017 Annual Report and a copy of the Remuneration & Nomination Committee Charter is available on the Company's website.

The Company has an equity based remuneration scheme. The Company's Policy for Trading in the Company's Securities does not specifically prohibit Directors entering into transaction or agreements which would limit the economic risk of unvested entitlements. (ASX Recommendation 8.3)

However dealings in the Company's Securities do need to be firstly approved by the Chairman or Managing Director (in the case of dealing in Company's securities by the Chairman). The Company is in the process of reviewing the Policy in light of recent changes to the ASX Guidance Note on the issue and it is expected that the revised Policy will restrict participants of any scheme from entering into such arrangements.