

CORPORATE GOVERNANCE STATEMENT 2021

The Board of Errawarra Resources Ltd (the **Company** or **Errawarra**) is responsible for the overall corporate governance of the Company and its subsidiaries (the **Group**). The Board believes that good corporate governance helps ensure the future success of the Group, adds value to stakeholders and enhances investor confidence. The Board guides and monitors the business affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The ASX document 'Corporate Governance Principles and Recommendations 4th Edition' (**Recommendations**) published by the ASX Corporate Governance Council applies to listed entities with the aim of enhancing the credibility and transparency of Australia's capital markets. The Board has assessed the Group's current practice against the Principles and Recommendations and other than the matters specified below under "If Not, Why Not" Disclosure, all the best practice recommendations of the ASX Corporate Governance Council have been applied.

This Corporate Governance Statement (**Statement**) discloses the extent to which the Company has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation for the financial year ended 30 June 2021.

This Statement should be read in conjunction with the Company's Corporate Governance Plan (**CG Plan**) on its website <https://www.errawarra.com/corporate-governance.php>.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Disclose a Board Charter

Comply: Yes

Errawarra's Board Charter contained in the CG Plan details the respective role and responsibilities of the Company's Board and management and those matters expressly reserved to the Board and to management.

Recommendation 1.2: Undertake appropriate checks before appointing a Director or Senior Executive and provide Material Information to Security Holder

Comply: Yes

The Company undertakes appropriate checks before appointing a Director or senior executive or endorsing the election of any prospective Director and provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director by providing biographical details of candidates including relevant qualifications, experience and skills and details of any other material directorships currently held by the candidate and in the case of a candidate standing for election as a Director for the first time:

- ◆ confirmation that the Company has conducted appropriate checks into the candidate's background and experience which have been satisfactory; and
- ◆ if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect.

Recommendation 1.3: Establish a Written Agreement with each Director and Senior Executive setting out the Terms of their Appointment

Comply: Yes

Errawarra's Nomination Committee Charter contained in the CG Plan requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is personally a party to a written agreement which sets out the terms of that Director's or senior executive's appointment.

The Company has written agreements with each of its Directors and senior executives. The summary of agreements is disclosed in the Company's Annual Report.

Recommendation 1.4: The Company Secretary should be Accountable Directly to the Board, through the Chair

Comply: Yes

Errawarra's Board Charter contained in the CG Plan outlines the roles, responsibilities and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.



Recommendation 1.5: Disclose a Diversity Policy and Set Measurable Objectives for Achieving Gender Diversity
Comply: Partially

Errawarra's Diversity Policy contained in the CG Plan provides a framework to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives (if any have been set) and the Company's progress in achieving them.

The proportion of women within the Group at 30 June 2021 was as follows:

Position category	FY 2021	
	Men	Women
Board	67%	33%
Senior Executive	100%	Nil
Whole Organisation	67%	33%

Given the current small size of the Board and the Company's operations, the Board does not presently intend to set measurable gender diversity objectives because:

- (i) the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to the limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans;
- (ii) if it becomes necessary to appoint any new Directors or senior executives, the Board will consider the application of the measurable diversity objectives and determine whether, given the small size of the Company and the Board, requiring specified objectives to be met will unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing the best person for the job; and
- (iii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the Company defines "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.

Recommendation 1.6: Disclose whether a Performance Evaluation of the Board was undertaken in the Reporting Period
Comply: Partially

The Company's Nomination and Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent adviser. The process for this is set out in the Nomination Committee Charter contained in the CG Plan.

Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it. No formal performance evaluation was undertaken in the reporting period.

Recommendation 1.7: Disclose whether a Performance Evaluation of its Senior Executive was undertaken in the Reporting Period
Comply: Partially

The Company's Nomination and Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the *Corporations Act 2001*) other than a non-executive Director. The process for this is set out in the Nomination Committee Charter contained in the CG Plan.

Evaluation of the senior executive is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it. No formal performance evaluation was undertaken in the reporting period.

PRINCIPLE 2: STRUCTURE OF THE BOARD TO BE EFFECTIVE AND ADD VALUE

Recommendation 2.1: Establish a Nomination Committee

Comply: Partially

Errawarra's Nomination Committee Charter contained in the CG Plan provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.

The Company does not have a Nomination Committee as the Board considers that the Company will not currently benefit from its establishment. In accordance with the Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively:

- (i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skill matrix; and
- (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the *Corporations Act 2001* and ASX Listing Rules.

Recommendation 2.2: Board Skills Matrix

Comply: Yes

Errawarra's Nomination Committee Charter contained in the CG Plan requires the Nomination Committee (or, in its absence, the Board) to prepare a Board skill matrix setting out the mix of skills that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skill matrix to ensure the appropriate mix of skills to discharge its obligations effectively, to add value and to ensure the Board has the ability to deal with new and emerging business and governance issues.

The Company's objective is to have an appropriate mix of expertise and experience on the Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current Directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. The Company intends to disclose the board skill matrix in future annual Corporate Governance Statements.

The Board will assess each Director's skills and experience and the current Directors as a group, against the Board Skills Matrix from time to time. It is not a requirement that each Director should present all of the skills and experience listed in the Board Skills Matrix, but the Board collectively should present all of the skills and experience listed in the Board Skills Matrix.

The Board Skill Matrix will be reviewed regularly by the Board to ensure it covers the skills necessary to address existing and emerging business and governance issues relevant to the Company, as well as to provide support for ensuring that existing directors seek ongoing professional development to maintain their skills or when filling any Board vacancies.

Skill	Attributes
Executive Leadership	Sustainable success in business at a very senior executive level.
Strategy	Skills in developing and implementing a successful strategy, including appropriately overseeing and challenging management on the delivery of agreed strategic planning objectives.
Governance	Commitment to the highest standards of governance, including experience with a major organisation that is subject to rigorous governance standards, and an ability to assess the effectiveness of senior management.
Financial Acumen	Senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.
Relevant Exploration and Mining Industry Experience	Experience in the exploration and/or mining industry, including in-depth knowledge of the Group's corporate purpose, strategy, market, competitors, operational issues and technology.

Health, Safety and Environment	Experience related to workplace health and safety, environmental and social responsibility, and community.
Culture and Remuneration	Experience in remuneration policy and implementation, linking remuneration to strategy and performance. Ability to develop succession plans and to develop talent, culture and diversity.

Recommendation 2.3: Independent Directors

Comply: No

Errawarra’s Board Charter contained in the CG Plan requires the disclosure of the names of Directors considered by the Board to be independent. The Board currently consists of three Directors (one Non-Executive Chairman, one Non-Executive Directors and one Executive Directors) of whom all Directors are considered non-independent.

Errawarra’s Annual Report discloses the length of service of each Director as at the end of each financial year.

Recommendation 2.4: Majority Independent Directors

Comply: No

Errawarra’s Board Charter contained in the CG Plan requires that, where practical, the majority of the Board should be independent.

The Board currently consists of three Directors (one Non-Executive Chairman, one Non-Executive Directors and one Executive Directors) of whom all Directors are considered non-independent. Details of their skills, experience and expertise and the period of office held by each Director have been included in the Company’s Annual Directors’ Report. The number of Board meetings and the attendance of the Directors are set out in the Directors’ Company’s Annual Report.

The Board considers the composition of the existing Board is appropriate given the speculative nature of the Company’s business, its limited scale of activities, the scope and size of the Group’s operations and the skills matrix of the existing Board members. The Board will continue to monitor whether this remains appropriate as the scope and scale of its activities evolves and expands.

Recommendation 2.5: The Chair of the Board should be an Independent Director and, in particular, should not be the same person as the Managing Director/Chief Executive Officer

Comply: Partially

Errawarra’s Board Charter contained in the CG Plan provides that, where practical, the Chair of the Board should be an independent Director and should not be the Managing Director.

The Chair of the Company is not an independent Director but is not the same person as the Managing Director.

Recommendation 2.6: A Program for Inducting New Directors and for Periodically Reviewing Existing Directors to undertake Professional Development

Comply: Yes

Under its CG Plan, the Company commits to providing induction programs for new directors and senior executives as well as providing opportunities for continuing professional development for all directors and executives.

New directors are to be provided with an induction pack at the time of their appointment that provides them with detailed information about the Company, its operations, financial position, risk profile and risk management framework, and its strategies and objectives. The pack is also to include copies of the Company Constitution, the CG Plan, the most recent annual report, recent ASX releases, and minutes and papers of previous board and committee meetings.

New directors also receive a letter of appointment setting out, amongst other things, their rights, duties and responsibilities as a director of the Company.

The directors are encouraged to undertake professional development activities to update and enhance their skills and knowledge. It is the practice of the board’s directors to reasonably openly share relevant information they may become privy to arising from their professional development activities.

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Articulate and Disclosure its Values

Comply: Yes

Errawarra is committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Group's commitment to compliance with these standards.

The Company's values are set out in its Code of Conduct contained in the CG Plan and are available on the Company's website. All employees are given appropriate training on the Company's values and senior executives will continually reference such values.

Recommendation 3.2: Disclose a Code of Conduct and be Informed of any Material Breaches

Comply: Yes

Errawarra's Code of Conduct contained in the CG Plan applies to the Directors, senior executives and employees. Any material breaches of the Code of Conduct are reported to the Board or a committee of the Board.

Recommendation 3.3: Disclose a Whistleblower Policy and be Informed of any Material Incidents

Comply: Yes

Errawarra's Whistleblower Policy contained in the CG Plan is disclosed on the Company's website. Any material incidents of the Whistleblower Policy are reported to the Board or a committee of the Board.

Recommendation 3.4: Disclose an Anti-Bribery and Corruption Policy and be Informed of any Material Breaches

Comply: Yes

Errawarra's Anti-Bribery and Corruption Policy contained in the CG Plan is disclosed on the Company's website. Any material breaches of the Anti-Bribery and Corruption Policy are reported to the Board or a committee of the Board.

PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

Recommendation 4.1: Establish an Audit Committee

Comply: Partially

Errawarra's Audit and Risk Committee Charter contained in the CG Plan provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be non-executive Directors, and the majority of whom must be independent Directors. The Audit and Risk Committee must be chaired by an independent Director who is not the Chair of the Board.

The Company does not have an Audit and Risk Committee as the Board considers that the Company will not currently benefit from its establishment. In accordance with the Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner by:

- (i) devoting time at Board meetings to fulfilling the roles and responsibilities associated with maintaining the internal audit function and arrangements with external auditors; and
- (ii) all Board members being involved in the Company's audit function to ensure proper maintenance and integrity of all financial reporting.

Recommendation 4.2: Approval of Financial Statements

Comply: Yes

The Board receives a written assurance in respect of each reporting period from the persons performing the Managing director and the Chief Financial Officer functions with a declaration in accordance with section 295A of the *Corporations Act 2001* stating:

- ◆ that the Group's financial records have been properly maintained;
- ◆ that the Group's financial statements, in all material respects, are complete and present a true and fair view of the financial condition and operational results of the Group and are in accordance with the relevant accounting standards;
- ◆ that the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- ◆ that the Group's risk management and internal compliance and control systems are operating effectively in all material respects.

Recommendation 4.3: Verification of Integrity of Periodic Corporate Report not audited or reviewed by an external auditor **Comply: Yes**

The Group is committed to providing clear, concise, timely and effective disclosure. This procedure applies to any report produced by the Group and is as follows:

- ◆ each report is prepared by, or under the supervision of, subject-matter experts;
- ◆ material statements in each report are reviewed by the relevant functional and divisional heads to ensure that they are accurate, not misleading, and meet Errawarra's corporate policy and regulatory requirements, and that the report contains no material omissions;
- ◆ information about the Group's resources is only included in a report if the information complies with the ASX Listing Rules;
- ◆ information in a report that relates to financial projections, statements as to future financial performance or changes to the policy or strategy of the Group (taken as a whole) must be approved by the Board; and
- ◆ each draft report is reviewed by the Executive Chairman, Chief Financial Officer and/or the Company Secretary before its release.

PRINCIPLE 5: MAKE TIMELY AND BALANCES DISCLOSURE

Recommendation 5.1: Disclose a Continuous Disclosure Policy **Comply: Yes**

Errawarra's Continuous Disclosure Policy contained in the CG Plan is disclosed on the Company's website.

Recommendation 5.2: Board receives Market Announcement Promptly **Comply: Yes**

Errawarra's Continuous Disclosure Policy contained in the CG Plan requires all members of the Board receives material market announcements promptly after they have been made.

Recommendation 5.3: Investor or Analyst Presentation Released to ASX ahead of the Presentation

Comply: Yes

The Company releases any substantive investor or analyst presentation on the ASX Market Announcements Platform ahead of the presentation.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Provide Information of the Company and its governance on the Website **Comply: Yes**

The Company provides information about itself and its governance to investors via its website and complies with Listing Rule 3.1 in relation to publication of all relevant documents and reports.

Errawarra's policies, charter and statements are available on its website <https://www.errawarra.com>.

Recommendation 6.2: Investor Relations Program to Facilitate Effective Two-Way Communication

Comply: Yes

Errawarra's Shareholder Communications Strategy contained in the CG Plan aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to security holders and is available on the Company's website.

Recommendation 6.3: Encourage Participation at Meetings

Comply: Yes

The Company encourages shareholders to participate at all general meeting and Annual General Meetings of the Company.

Recommendation 6.4: Resolutions at a Meeting to be Decided by Poll

Comply: Yes

All resolutions at shareholders' meetings are decided by a poll. The number of votes for or against a resolution is both reported in the Company's Minutes and announced to ASX in accordance with the provisions of the ASX Listing Rules.

Recommendation 6.5: Option to Receive and Send Communication Electronically

Comply: Yes

Errawarra's Shareholder Communications Strategy contained in the CG Plan provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports, quarterly reports and notice of meetings. ASX announcements will be uploaded on the Company's website immediately after they have been lodged with ASX.

As a general rule, the shareholders receive printed copies of documents only where they specifically elect to do so, or in certain limited circumstances where, for example, an original signature or document is required.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Establish a Risk Committee

Comply: Partially

Errawarra's Audit and Risk Committee Charter contained in the CG Plan provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be non-executive Directors, and the majority of whom must be independent Directors. The Audit and Risk Committee must be chaired by an independent Director who is not the Chair of the Board.

The Company does not have an Audit and Risk Committee as the Board considers that the Company will not currently benefit from its establishment. In accordance with the Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the process to oversee the Group's risk management framework. The Board will devote time at Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the Group's Risk Management Framework and associated internal compliance and control procedures.

Recommendation 7.2: Risk Management Framework and Periodic Review

Comply: Partially

Errawarra's Audit and Risk Committee Charter contained in the CG Plan requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Group's Risk Management Framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.

The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include but are not limited to the following:

- ◆ Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- ◆ Implementation of Board approved operating plans and Board monitoring of the progress against budgets that are reviewed at every board meeting.

The Board did not undertake a review of the risk management framework during the current reporting period.

Recommendation 7.3: Internal Audit

Comply: Partially

Errawarra's Audit and Risk Committee Charter contained in the CG Plan provides for the Audit and Risk Committee (or in its absence, the Board) to monitor and periodically review the need for an internal audit function, as well as assessing the performance and objectivity of any internal audit procedures that may be in place.

The Company does not have an internal audit function. The Board considered the process employed pursuant to the Audit and Risk Committee Charter and Risk Management Framework are sufficient for evaluating and continually improving the effectiveness of its risk management and internal control processes given the size and complexity of the current business.

Recommendation 7.4: Material Economic, Environmental and Social Risk

Comply: Partially

Errawarra's Audit and Risk Committee Charter contained in the CG Plan requires the Audit and Risk Committee (or in its absence, the Board) to assist management to determine whether the Company has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risks.

The Group's exploration operations is such that it could be seen to be constantly exposed to economic, environmental and social risks. The Board respects the rights and beliefs of all stakeholders and it is part of the Group's culture to have open, honest and constant two way communication with stakeholders and to operate fully within the laws of the jurisdictions the Group operates within. The Group maintains high standards with regards its environmental and social practices and is constantly striving to improve its engagement and information processes. The Board will continue to monitor these risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: Establish a Remuneration Committee

Comply: Partially

Errawarra's Remuneration Committee Charter contained in the CG Plan provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors and must be chaired by an independent Director.

The Company does not have a Remuneration Committee as the Board considers that the Company will not currently benefit from its establishment. In accordance with the Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the process to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive. The Board will devote time at an annual Board meeting to assess the level and composition of remuneration for Directors and senior executives.

Recommendation 8.2: Disclose Policies and Practices Regarding the Remuneration of the Non-Executive Directors, Executive Directors and Other Senior Executives

Comply: Yes

The Company's CG Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the remuneration report contained in the Company's Annual Report.

Recommendation 8.3: Equity Based Remuneration Scheme

Comply: Yes

The Company has an equity-based remuneration scheme. The Company does not permit the use of derivatives to limit the economic exposure of the plan. A summary of the equity-based remuneration scheme is contained in the Company's Annual Report.

OTHER PROCESSES

Independent Professional Advice

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman, may, at the Group's expense obtain independent professional advice to properly discharge their responsibilities.