

Australian Gold and Copper Ltd Corporate Governance Statement 2021

The Board of Australian Gold and Copper Limited (“AGC”) (“the Company”) is responsible for the corporate governance of the Company.

The Board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations 4th Edition (“Recommendations”) with a view to making amendments where applicable after considering the Company’s size and the resources it has available.

As the Company’s activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

AGC’s Corporate Governance Statement can also be found in the Corporate section of its website at www.austgoldcopper.com.au/corporate.

The Board sets out below its “if not why not” report in relation to those matters of corporate governance where the Company’s practices depart from the Recommendations.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

	Recommendation	Australian Gold and Copper Ltd Current Practice
1.1	A listed entity should have and disclose a board charter setting out: (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.	Adopted. The Directors have adopted a Board Charter, a copy of which has been published on the Company’s website www.austgoldcopper.com.au
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person or senior executive or putting forward 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.	Adopted. Prior to the appointment of Directors during the Initial Public Offering (IPO) process in late 2020, checks were completed on all new directors and senior executives. All material information was provided within the Prospectus for the IPO. The Notice of Meeting for the inaugural AGM in November 2021 will include material information for the directors being re-elected.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted.
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.	Adopted.

1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>Adopted.</p> <p>A copy of the Diversity Policy is available on the Company Website.</p> <p>The Company makes the following disclosures regarding the proportion of women employed in the organisation:</p> <ul style="list-style-type: none"> • Women on Board: 0% • Women in Senior Management: 25% • Women in whole organisation: 25% <p>Senior management includes executives, directors and the CFO.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with process during or in respect of that period.</p>	<p>Adopted.</p> <p>The Company has a performance evaluation policy, which covers the evaluation of the Board, Directors and committees, a copy of which is available on the Company's website.</p> <p>As the Company only listed on 20 January 2021 and have not yet undertaken an evaluation of the performance of the Board, individual Directors and Committees of the Board.</p>

1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p>Adopted.</p> <p>Contained within its Performance Evaluation Policy, the Company has provided that it is required to undertake annual performance review measures for Senior Executives. However no review has taken place in the reporting period, as the Company only listed on 20 January 2021.</p>
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PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

	Recommendation	Australian Gold and Copper Ltd Current Practice
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director;</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or</p> <p>(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.</p>	<p>Not Adopted.</p> <p>The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.</p> <p>The Company has a Nomination Committee Charter which sets out the processes the Company employs as regard appointments to the Board and matters regarding successions. The Nomination Charter is available on the Company Website.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p>Not Adopted.</p> <p>The Board regularly evaluates the mix of skills, experience and diversity at Board level.</p> <p>The Board currently comprises three Directors from diverse backgrounds with a range of business experience, skills and attributes. Biographical information on each Director is contained in the Annual Report and on the company's website.</p>

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 or relationship of the type as described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, nature of the interest, position or relationship in questions and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Adopted. (a) Ranko Matic – Independent (b) N/A (c) David Richardson – appointed 5/6/2019 – 2 years Glen Diemar – appointed 4/11/2020 – 9 months Ranko Matic – Appointed 4/11/2020 – 9 months
2.4	A majority of the Board of a listed entity should be independent directors.	Not Adopted.
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.	Not Adopted. The Chairperson of the Board is not an independent Director, as he is a substantial shareholder of the Company. However, the role of CEO is not held by the Chairman.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Adopted.

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

	Recommendation	Australian Gold and Copper Ltd Current Practice
3.1	A listed entity should articulate and disclose its values.	Not Adopted The Company intends to develop and articulate its values within the next 12 months.
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Adopted. The Code of Conduct is published on the Company's website.

3.3	<p>A listed entity should:</p> <p>(a) have and disclose a Whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>Adopted.</p> <p>The Whistleblower Policy is published on the Company's website.</p> <p>The Board is informed of any material incidences under the policy.</p>
3.4	<p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	<p>Adopted.</p> <p>The Company has an Anti-bribery and Corruption Policy which is published on the Company Website.</p> <p>Any material incidents reported under that policy are reported to the Board.</p>

PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

	Recommendation	Australian Gold and Copper Ltd Current Practice
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p style="padding-left: 20px;">(1) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(2) is chaired by an independent director, who is not the chair of the board;</p> <p>And disclose:</p> <p style="padding-left: 20px;">(3) the charter of the committee</p> <p style="padding-left: 20px;">(4) the relevant qualifications and experience of the member of the committee; and</p> <p style="padding-left: 20px;">(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Not Adopted.</p> <p>The Board has not established a separate audit committee due to the current size of the Board being three directors. The Board therefore carries out the process of an audit committee to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> <p>The Company has an Audit and Risk Committee Charter which sets out the processes the Company employs acting as the audit committee, a copy of which is published on the Company's website.</p>

4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Adopted.
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Adopted. The Company ensures that any periodic corporate report it releases to the market that is not audited or reviewed benefits from several layers of review and checking, including review by the Independent Board Member, an ex-auditor.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

	Recommendation	Australian Gold and Copper Ltd Current Practice
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the listing rule 3.1.	Adopted. The Company has published a copy of its Continuous Disclosure Policy on the Company Website.
5.2	A listed entity should ensure that its board receives a copy of all material market announcements promptly after they have been made.	Adopted.
5.3	A listed entity that gives new substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Adopted.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

	Recommendation	Australian Gold and Copper Ltd Current Practice
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Adopted. Information about the Company and its governance can be accessed from the Company Website.

6.2	A listed entity should have an investor relations program to facilitate effective two-way communication with investors.	Adopted. The Company has a Continuous Disclosure and Communication Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. The Continuous Disclosure and Communication Policy are available on the Company Website.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Adopted. The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.	Adopted.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Adopted.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

	Recommendation	Australian Gold and Copper Ltd Current Practice
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, 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	Not Adopted. See 4.1 above. A copy of the Audit and Risk Committee Charter is available on the Company website.

	(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.	
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 that the entity is operating with due regards to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Not Adopted. Since listing on 20 January 2021, the Board has not completed a structured review of the Company's risk management framework and key corporate risk in accordance with the Audit and Risk Committee Charter. The Board as a whole addresses individual risks as required on an ongoing basis.
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.	Not Adopted The Group does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis. Internal controls are reviewed on an annual basis during the annual audit process.
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Adopted. The Group currently does not have any material exposure to environmental or social risks. The Group does not have an Environmental, Social and Governance policy, but intends to review this in the short term.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

	Recommendation	Australian Gold and Copper Ltd Current Practice
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	Not Adopted. The Board is of the view that the Company is not currently of the size to justify the formation of a separate remuneration committee. The Board currently performs the functions of a remuneration committee and where necessary will seek the advice of external advisors in relation to this role.

	<p>committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Adopted.</p> <p>This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration and Nomination Committee Charter.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Not Adopted.</p> <p>The Company has an equity-based remuneration scheme comprising an Employee Share Option Plan and a Performance Rights Plan. The Securities Trading Policy is available on the Company Website.</p>

Corporate Governance Statement dated: 30 June 2021

Approved by the Board: 15 September 2021