

# Global Geoscience Limited

## Corporate Governance Statement

Global Geoscience Limited (the **Company**) is committed to having the highest standards of ethical behaviour and an effective system of corporate governance for the Company, commensurate with the size of the Company and the scope of its business operations.

In accordance with ASX Listing Rule 4.10.3, set out below are the applicable ASX Corporate Governance Council's eight principles of corporate governance (**ASX Governance Principles**) and outlined accordingly is how the Board has applied each principle and the recommendations set out within them for the financial year ended 30 June 2018.

The Company is fully supportive of the 'if not, why not' disclosure-based approach to governance adopted by the ASX Governance Principles and the recognition within them that there is no single model of corporate governance and that good corporate governance practice is not restricted to adopting the recommendations contained in the ASX Governance Principles. These policies and practices complied with the ASX Governance Principles except to the extent otherwise indicated.

### **Principle 1: Lay solid foundations for management and oversight**

#### *Roles & responsibilities of the Board and management*

The Board operates in accordance with the Board and Governance Charter. In carrying out its responsibilities, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the duties and obligations imposed upon it by the Company's constitution and the law.

Among other things, the Board has specific responsibility for:

- (a) ensuring the Company is properly managed by overseeing the appointment and where appropriate the removal of the Managing Director, the Company Secretary and the Chief Financial Officer;
- (b) implementing and monitoring all capital budgets and annual financial budgets;
- (c) monitoring the financial performance of the Company;
- (d) approving and monitoring financial and other reporting, including the annual and

- half yearly financial reports and liaising with the Company auditors;
- (e) reviewing procedures and practices employed in relation to health, safety and the environment and to assess their adequacy;
- (f) monitoring continuous disclosure policy and procedures; and
- (g) conducting regular reviews of the Company's corporate governance policies particularly policies that must change as a result of the growth of the Company.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its duties and responsibilities.

The Board may establish committees to assist it in carrying out its responsibilities, consisting of such members as it thinks fit. The Board shall adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters the Board may consider appropriate.

The Managing Director is responsible for managing the affairs of the Company under the delegated authority from the Board and to implement the policies and strategy set by the Board. The managing Director is responsible for delivering timely and accurate information to the Board. The role of management is to support the Managing Director. Management is required to report directly to the Managing Director, however if the matter concerns the Managing Director management is required to report to the Chairman.

#### *Process for appointment of a new Director*

Prior to the appointment of a Director to the Board, the Board will determine what pre-appointment checks are appropriate to be undertaken in the circumstances. Relevant details in respect of each Director standing for election or re-election by shareholders are contained within the explanatory notes of the Notice of Annual General Meeting.

#### *Written agreements with Directors and senior executives*

The Company intends that each Director and senior executive will have signed a written agreement setting out the terms of their appointment before the end of 2018 (presently, such terms are being finalised).

### *Company Secretary*

The Company Secretary is accountable to the Board, through the Chairman, on relevant matters to do with the proper functioning of the Board.

### *Diversity policy*

The Board has adopted a Diversity Policy, a copy of which is available on the Company's website. The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Board has not yet set measurable objectives given the low number of employees but intends to review the diversity statistics within the Company and use those measures to formulate measurable objectives.

### *Performance assessment*

The Board will, with the advice and assistance of the Nomination and Remuneration Committee, review and evaluate the performance of the Board, each Board committee and each individual Director against the relevant charters, corporate governance policies, and agreed goals and objectives. The requirement for these evaluations is set out in the Board and Governance Charter. A review of the Board, Committees and each Director was undertaken this year and targets for 2018 were established.

Performance reviews for the Managing Director and senior management take place at least annually. The Nomination and Remuneration Committee has accountability in its charter to oversee these reviews and report to the Board on their outcomes. Disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed.

## **Principle 2: Structure the Board to add value**

### *Appointment and renewal*

The Board has formed a Nomination and Remuneration Committee. The charter for the Nomination and Remuneration Committee is available on the Company's website. Membership of the Nomination and Remuneration Committee is:

- John Hofmeister (Chairman, independent, non-executive director);
- James D Calaway (independent, non-executive director); and

- Alan Davies (independent, non-executive director).

The Nomination and Remuneration Committee held four meetings during the financial year of which all members attended. Details of the committee members' attendance at those meetings can be accessed in the Directors' Report within the Annual Report.

### *Board skills matrix and independence*

The Board has been structured to ensure that it has the necessary skills and expertise considering the circumstances of the Company and can effectively represent stakeholder interests. These skills and expertise include in the areas of mining, geology, oil & gas, corporate finance, legal, accounting and capital markets.

The Board as presently constituted provides an effective mixture of skills and expertise in order to achieve the Company's strategic objectives.

### *Independence and majority*

In determining whether a Director is "independent", the Board has adopted the definition of this word in the ASX Recommendations. Consequently, a Director will be considered "independent" if that Director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard.

The Board considers that James D Calaway, Alan Davies, Patrick Elliott and John Hofmeister are independent Directors, free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of those Directors' judgement and each is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

James D. Calaway was appointed to the Board on 5 April 2017, Bernard Rowe was appointed to the Board on 23 August 2007, Alan Davies was appointed to the Board on 23 May 2017, Patrick Elliott was appointed to the Board on 30 April 2003 and John Hofmeister was appointed to the Board on 23 May 2017. Biographical information in respect of each Director is set out in the Company's Annual Report.

The Board is comprised of five members, a majority of whom are independent.

The Chairman is an independent director and facilitates the effective contribution of all directors at Board meetings. The roles of Chair and Managing Director are exercised by different individuals.

All non-executive directors have had an induction into the business of the Company prior to accepting their appointment and have received continuing information on the Company and its operations since being appointed. The induction process has included site visits and presentations by management. Directors are also given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.

### **Principle 3: Act ethically and responsibly**

#### *Code of Conduct*

In addition to the Trading Policy, the Code of Conduct, together with the Company's other corporate governance policies, is designed to ensure that the Directors, senior executives, employees and the Company act ethically and responsibly, bearing in mind the Directors' duties under the Corporations Act and the interest of the Company's shareholders and stakeholders. The Code of Conduct can be found in the Corporate Governance section of the Company's website.

### **Principle 4: Safeguard integrity in corporate reporting**

#### *Audit and Risk Committee*

The Board has formed a combined Audit and Risk Committee. The charter for the Audit and Risk Committee is available on the Company's website. Membership of the Audit and Risk Committee is:

- Patrick Elliott (Chairman, independent, non-executive director);
- John Hofmeister (independent, non-executive director); and
- Alan Davies (independent, non-executive director).

The Audit and Risk Committee held three meetings during the financial year of which all members attended. Details of the committee members' attendance at those meetings can be accessed in the Directors' Report within the Annual Report.

#### *Written affirmations*

Prior to approving the Company's financial statements, the Board receives from the Chairman and the Company Secretary written affirmation concerning the Company's financial statements required by the Corporations Act as set out in the Directors' Declaration in the Company's Annual Report. In respect of the financial statements for each financial year, the Board also receives from the Chairman and the Company Secretary written affirmation that, in their opinion, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### *Attendance of auditor at AGM*

The Company's external auditor will be requested to attend the AGM and make themselves available to answer questions from shareholders relevant to the audit.

### **Principle 5: Make timely and balanced disclosure**

The Board has established a written Disclosure policy and Shareholder Communication policy to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for compliance. The Disclosure policy and Shareholder Communication policy are available on the Company's website.

### **Principle 6: Respect the rights of security holders**

The Company aims to provide shareholders with comprehensive and timely access to Company documents and releases through the investor relations section of the Company's website, [www.globalgeo.com.au](http://www.globalgeo.com.au). The Company's website contains information about the Company, including shareholder communications, market releases and related information. Relevant media releases, the Company's financial data and its charters and policies will also be available on the Company's website.

The Company has an investor relations program to facilitate effective two-way communication with investors.

The Board has adopted the Shareholder Communication policy and provides shareholders with opportunities to have questions addressed at shareholder meetings.

The Company continues to embrace technology in making information and participation easier and more accessible. This includes using the technology developed by our registrar to facilitate email communication as well as online voting for general meetings of the Company.

#### **Principle 7: Recognise and manage risk**

##### *Audit and Risk Committee*

The Board has formed a combined Audit and Risk Committee. The charter for the Audit and Risk Committee is available on the Company's website.

A review of the risk management statement has been carried out by the Audit and Risk Committee during this financial year.

##### *Internal audit*

The Company does not have a formal internal audit function due to its current size. The Audit and Risk Committee monitors the need for an internal audit function. The Company's management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement, these systems are developed. The Company's external auditor is consulted for advice by the Audit and Risk Committee. At this stage the Company's operational and financial functions are not complex, and all expenditure authorisations are undertaken in accordance with a comprehensive matrix of delegated authority.

##### *Material exposure to risks*

The Company, as an exploration company, faces inherent risks in its activities, including economic, environmental and social sustainability risks which may have a material impact on the Company's ability to create value for its shareholders. The Board regularly monitors the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operation and financial risks and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's shares. However, the Directors recognise that natural resource exploration and evaluation is inherently risky.

#### **Principle 8: Remunerate fairly and responsibly**

##### *Nomination and Remuneration Committee*

The Board has formed a combined Nomination and Remuneration Committee. The charter for the Nomination and Remuneration Committee is available on the Company's website.

##### *Non-executive Director remuneration*

The Board has adopted a remuneration policy for non-executive directors.

##### *Equity-based remuneration scheme*

The Company's Trading Policy specifically prohibits Directors and senior executives from engaging in short-term trading in the Company's securities. The Trading Policy can be accessed on the Company's website under Corporate Governance.

#### **Approved by the Board of Global Geoscience Limited.**

**Dated: 4<sup>th</sup> October 2018**