



CORPORATE GOVERNANCE STATEMENT FOR FINANCIAL YEAR ENDED 30 JUNE 2019

The Board of Directors of Cazaly Resources Limited ('Cazaly' or 'the Company') is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Cazaly on behalf of the shareholders by whom they are elected and to whom they are accountable.

Cazaly has adopted policies, procedures and practices as tools to support the Board's strong belief in good corporate governance. Commensurate with the spirit of the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council ('Council'), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of its operations.

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the financial year ended 30 June 2019 (Reporting Period).

PRINCIPLES & RECOMMENDATIONS	COMMENT
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1	<p>The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter. The Company's Board Charter can be viewed at http://cazalyresources.com.au/wp-content/uploads/2015/08/CAZ-Board-Charter.pdf</p> <p>The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.</p>
Recommendations 1.2 to 1.4	<p>In determining candidates for the Board, Board members follow a process whereby they evaluate the mix of skills, experience and expertise of the existing Board and identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, will be recommended to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.</p> <p>All Directors and officers of the Company have appointment contracts. The financial and other remuneration details of Directors and officers are disclosed in the Directors Report of each annual report.</p>

	<p>The Company Secretary is charged with facilitating the Company's corporate governance processes and so shares primary responsibility, along with the joint Managing Directors, for ensuring that the Board processes and procedures run efficiently and effectively.</p>																			
<p>Recommendation 1.5</p>	<p>Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. The Company has established a Diversity Policy, a summary of which can be viewed at http://cazalyresources.com.au/wp-content/uploads/2015/08/CAZ-Summary-Diversity-Policy.pdf</p> <p>The Board has also adopted a policy to address harassment and discrimination in the Company, which it believes will facilitate an environment that encourages a diverse workforce.</p> <p>The proportion of women in senior executive positions and on the Board, as at 30 June 2019 and 30 June 2018, are set out below:</p> <table border="1" data-bbox="525 757 1394 882"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">2019</th> <th colspan="2">2018</th> </tr> <tr> <th>No.</th> <th>%</th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Women on the Board</td> <td>0</td> <td>0%</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Women in senior management roles</td> <td>0</td> <td>0%</td> <td>0</td> <td>0%</td> </tr> </tbody> </table>		2019		2018		No.	%	No.	%	Women on the Board	0	0%	0	0%	Women in senior management roles	0	0%	0	0%
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<p>Recommendations 1.6 & 1.7</p>	<p>The Board undertakes an informal annual review of its own performance with external advice as appropriate. The evaluation of the Managing Directors is undertaken via an informal interview and appraisal process which occurs at least annually, at the Board's discretion. This process was undertaken during the Reporting Period.</p> <p>The Managing Directors are responsible for evaluating the performance of senior executives. The evaluation of senior executives is undertaken via an informal interview and appraisal process which occurs at least annually and otherwise takes place as part of the annual salary review under the senior executives' employment contract. This process was undertaken during the Reporting Period.</p>																			
<p>Principle 2: Structure the Board to add value</p>																				
<p>Recommendation 2.1</p>	<p>The Board has not established a separate nomination committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate nomination committee. Accordingly, the Board performs the role of the nomination committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the nomination committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.</p>																			
<p>Recommendation 2.2</p>	<p>The Company does not comply with Recommendation 2.2 as it has decided that due size, composition and structure of the Board, there is no current requirement for the disclosure of a board skills matrix. However, it does disclose the skills and expertise of its Directors on its website and in the Directors Report of each annual report.</p>																			
<p>Recommendation 2.3</p>	<p>The Board currently consists of three (3) directors, which includes two executive directors and one non-executive director. Details of their experience and qualifications are set in the Director's Report of each annual report as well as their equity holdings. The following Directors have been in office since the start of the Reporting Period to the date of the annual report unless otherwise stated:</p>																			

	<p>Nathan McMahon – Managing Director from June 2003 (not independent) Clive Jones – Managing Director since August 2003 (not independent) Terry Gardiner – Non-Exec Director since December 2016 (independent)</p>
Recommendation 2.4	<p>The Company does not comply with Recommendation 2.4 in that only 33.3% of the current serving Directors are independent.</p> <p>Mr Gardiner is a Non-Executive Director and is considered to be independent. Mr Gardiner is independent as he is a Non-Executive Director who is not a member of management and 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 his judgement.</p> <p>Mr McMahon is a Joint Managing Director of the Company and does not meet the Company's criteria for independence. Mr McMahon's experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain on the Board.</p> <p>Mr Jones is a Joint Managing Director of the Company and does not meet the Company's criteria for independence. Mr Jones' experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain on the Board.</p> <p>Given the size of the Company and the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its small market capitalisation, limited resources and existing projects. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.</p>
Recommendation 2.5	<p>The Company does not comply with Recommendation 2.5 in that the Chairman is not independent. The Company considers this to be appropriate and in its best interests. Given the size of the Company and the nature of its activities, it is best served by a chairman with sound Company and industry specific knowledge as well as significant equity in the Company.</p>
Recommendation 2.6	<p>Any new directors will undergo an induction process in which they are given a full briefing on the Company. They will also be provided with letters of appointment to the Board, setting out the key terms and conditions relative to their appointment.</p> <p>To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the Director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.</p> <p>In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified and to receive continuing education concerning key developments in the Company and in the industry and environment within which the Company operates.</p>
Principle 3: Promote ethical and responsible decision making	
Recommendation 3.1	<p>The Company has in place a Code of Conduct which guides the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>

	<p>A summary of the Cazaly Code of Conduct can be viewed at http://cazalyresources.com.au/wp-content/uploads/2015/08/CAZ-Summary-Code-of-Conduct.pdf</p>
<p>Principle 4: Safeguard integrity of financial reporting</p>	
<p>Recommendation 4.1</p>	<p>The Board has not established a separate audit committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate audit committee. Accordingly, the Board performs the role of audit committee. Items that are usually required to be discussed by an audit committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the audit committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.</p> <p>All of the Directors consider themselves to be financially literate and to possess relevant industry experience. Details of each of the Director's qualifications and skill sets are set out in the Directors' Report of each annual report.</p>
<p>Recommendation 4.2</p>	<p>The Managing Director and the CFO provide a declaration to the Board in accordance with section 295A of the Corporations Act on at least an annual basis. Such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>The above declaration has been provided for the Reporting Period.</p>
<p>Recommendation 4.3</p>	<p>The auditor of the Company attends the AGM and is available to answer any questions from the shareholders that are relevant to the accounts or the audit of the Company.</p>
<p>Principle 5: Make timely and balanced disclosure</p>	
<p>Recommendation 5.1</p>	<p>The Board has designated the Joint Managing Directors (Primary) and the Company Secretary (Secondary) as the persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.</p> <p>The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive and management level for that compliance.</p> <p>A summary of the Cazaly Policy of Continuous Disclosure can be viewed at http://cazalyresources.com.au/wp-content/uploads/2015/08/CAZ-Summary-Continuous-Disclosure-Policy.pdf</p>

Principle 6: Respect the rights of security holders	
Recommendations 6.1, 6.2, 6.3 & 6.4	<p>The Company is owned by its shareholders and the Board's primary responsibility is to shareholders and to achieve the Company's corporate objectives and therefore increase the Company's value.</p> <p>The Board of Cazaly is committed to open and effective shareholder communication to ensure they are informed of all significant developments concerning the Company. The Company principally engages with its shareholders via general meetings and its AGM or personally as requested by individual shareholders, a practice that the Company encourages.</p> <p>The Company has in place a Shareholder Communications Policy which can be viewed at http://cazalyresources.com.au/wp-content/uploads/2015/08/CAZ-Shareholder-Communication-Policy.pdf</p>
Principle 7: Recognise and manage risk	
Recommendation 7.1	<p>The Board has not established a separate risk management committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate risk management committee.</p>
Recommendations 7.2 to 7.4	<p>The Board has adopted a Risk Management Policy. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.</p> <p>A summary of the Cazaly Risk Management Policy can be viewed at http://cazalyresources.com.au/wp-content/uploads/2015/08/CAZ-Summary-Risk-Management-Policy.pdf</p> <p>Under the policy, the Board delegates day-to-day management of risk to the Managing Directors, who are responsible for identifying, assessing, monitoring and managing risks. The Managing Directors are also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.</p> <p>In fulfilling the duties of risk management, the Managing Directors may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.</p> <p>In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:</p> <ul style="list-style-type: none"> • the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval; • the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and • the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices. <p>As a minimum, during the Reporting Period, management regularly reported to the Board on operational, native title, financial reporting, sovereignty and market related risks affecting the Company, as part of the Company's systems and processes for managing material business risks.</p> <p>The Company does not have an internal audit function. The Company does have comprehensive internal controls and processes with respect to certain classes or risk.</p>

	<p>The Company considers that its exposure to risks is within the spectrum of what would be typical for a company of its size and activities. The disclosure of potential risk to the Company is disclosed in the Directors Report of each annual report.</p>
<p>Principle 8: Remunerate fairly and responsibly</p>	
<p>Recommendation 8.1</p>	<p>The Board has not established a separate remuneration committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate remuneration committee. Accordingly, the Board performs the role of remuneration committee. Items that are usually required to be discussed by a remuneration committee are marked as separate agenda items at Board meetings when required.</p> <p>The Board deals with any conflicts of interest that may occur when convening in the capacity of the remuneration committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.</p>
<p>Recommendation 8.2</p>	<p>The Company discloses information on an annual basis in respect of the remuneration of the Board and key management personnel in the Remuneration Report (Audited) section of each annual report.</p>
<p>Recommendation 8.3</p>	<p>The Company discloses information on an annual basis in respect of its Employee Incentive Plan in the notes to the financial statements contained in the annual report.</p> <p>A copy of the Cazaly Securities Trading Policy can be viewed at http://cazalyresources.com.au/wp-content/uploads/2015/08/CAZ-Trading-Policy-.pdf.</p>