



# 2020 CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out Aeon Metals Limited's (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at 14 October 2020 and has been approved by the board of the Company (**Board**).

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>1.</b> Lay solid foundations for management and oversight		
<p>1.1. <i>A listed entity should disclose:</i></p> <p>(a) <i>the respective roles and responsibilities of its board and management; and</i></p> <p>(b) <i>those matters expressly reserved to the board and those delegated to management.</i></p>	Yes	<p>The Board is responsible for the corporate governance of the Company.</p> <p>The Board has adopted a Board Charter which outlines the manner in which its powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws. Pursuant to the Board Charter, the Board assumes responsibilities including, but not limited to the following:</p> <ul style="list-style-type: none"> <li>(a) oversight of the Company, including its control and accountability systems;</li> <li>(b) appointing and removing the Managing Director (or equivalent), including approving remuneration of the Managing Director and the remuneration policy and succession plans for the Managing Director;</li> <li>(c) ratifying the appointment and, where appropriate, the removal of the key management personnel including the Secretary;</li> <li>(d) final approval of corporate strategy and performance objectives;</li> <li>(e) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;</li> <li>(f) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;</li> <li>(g) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;</li> <li>(h) approving and monitoring financial and other reporting;</li> <li>(i) appointment and composition of committees of the Board;</li> <li>(j) on recommendation of the Audit Committee, appointment of external auditors; and</li> <li>(k) initiating Board and director evaluation.</li> </ul> <p>The functions delegated to the Managing Director (MD) include:</p>

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		<p>(a) implementing the Company's vision, values and business plan;</p> <p>(b) managing the business to agreed capital and operating expenditure budgets;</p> <p>(c) identifying and exploring opportunities to build and sustain the business;</p> <p>(d) allocating resources to achieve the desired business outcomes;</p> <p>(e) sharing knowledge and experience to enhance success;</p> <p>(f) facilitating and monitoring the potential and career development of the Company's people resources;</p> <p>(g) identifying and mitigating areas of risk within the business;</p> <p>(h) managing effectively the internal and external stakeholder relationships and engagement strategies; and</p> <p>(i) sharing information and making decisions across functional areas.</p> <p>A copy of the Board Charter is available on the Company's website at the following URL:  <a href="http://www.aeonmetals.com.au/about-us/#corporate-governance">http://www.aeonmetals.com.au/about-us/#corporate-governance</a></p> <p>The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis. The Company intends to regularly review the balance of responsibilities between the Board and management to ensure that the division of functions remains appropriate to the needs of the Company.</p>
<p>1.2. <i>A listed entity should:</i></p> <p>(a) <i>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</i></p> <p>(b) <i>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.</i></p>	Yes	<p>The Board ensures that appropriate checks are undertaken before a person is appointed as a Director, or before a person is put forward to shareholders as a candidate for election as a Director. If the Board concludes that it would be appropriate to consider the appointment of an additional Director, an extensive process is undertaken to identify suitable candidates. That process will involve identifying the skills and experience required of the candidate, compiling lists of potential candidates, identifying a short list of candidates to be interviewed, conducting interviews, obtaining and checking information in relation to the character, experience, education, criminal record and bankruptcy history of the short listed candidates, and selecting a recommended candidate.</p> <p>The Group provides shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director by providing all material information concerning the proposed Director in the Notice of Meeting at which candidates are proposed for election or re-election.</p>



ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<i>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i>	Yes	planned before year end.
1.7. <i>A listed entity should:</i>		
<i>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</i>	Yes	The Group has three senior executives, the MD, the Exploration Manager and the General Manager, Walford Creek Project. An evaluation of the latter two of these executives was undertaken in 2019 and an evaluation of the MD will occur before year end. Other members of senior management are evaluated by the MD and the Exploration Manager. The Company does not seek external expertise in making these performance evaluations.
<i>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i>	Yes	
<b>2. Structure the board to add value</b>		
2.1. <i>The board of a listed entity should:</i>		
<i>(a) have a nomination committee which:</i>	No	The Group has not established a Nomination Committee as the Board considers that given the current size of the Board the functions of a Nomination Committee can be discharged by the full Board. The Company's priority project is the advancement of Walford Creek and the Board's prism is to anticipate the particular additional skills the Board may require to discharge its responsibilities effectively in that regard. Until the Company grows significantly, it is anticipated that the process of Board succession and renewal will be implemented by an internal Board process which has operated to date.
<i>(1) has at least three members, a majority of whom are independent directors; and</i>		
<i>(2) is chaired by an independent director,</i>		
<i>and disclose:</i>		
<i>(3) the charter of the committee;</i>		
<i>(4) the members of the committee; and</i>		
<i>(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;</i>		
<i>or</i>		
<i>(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.</i>	Yes	
2.2. <i>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</i>	No	The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate for the Company and its business. The principal criterion for the Board for the appointment of any director is their ability to add value to the Company and its business. In light of this the Board has not deemed it necessary to adopt a formal board skills matrix.

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		<p>As the Company develops, the Board may review its current position regarding the adoption of a formal board skills matrix. Generally, the Board Member Attributes the Company will consider important are listed below.</p> <ul style="list-style-type: none"> <li>• Experience as a Chief Executive;</li> <li>• International business experience;</li> <li>• Financing and accounting experience;</li> <li>• Operational (including exploration) experience in the resources industries;</li> <li>• Strategy and strategic marketing experience;</li> <li>• Corporate governance and risk management experience; and</li> <li>• Project planning and development experience.</li> </ul>
<p>2.3. <i>A listed entity should disclose:</i></p> <p>(a) <i>the names of the directors considered by the board to be independent directors;</i></p> <p>(b) <i>if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</i></p> <p>(c) <i>the length of service of each director.</i></p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Board has reviewed the position and associations of each of the Directors in office during the reporting period and has determined that the following directors of the Company were considered independent:</p> <ul style="list-style-type: none"> <li>• Mr Stephen Lonergan (retired 25 November 2019);</li> <li>• Mr Fred Hess; and</li> <li>• Mr Andrew Greville (appointed 15 May 2020).</li> </ul> <p>In making this determination, the Board has had regard to the independence criteria in the ASX Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other directors as appropriate.</p> <p>In the reporting period, the Board consisted of five Directors, as follows:</p> <ul style="list-style-type: none"> <li>• Mr Hamish Collins (Managing Director) <ul style="list-style-type: none"> <li>○ Appointed on 28 March 2012</li> <li>○ Length of service: approximately 8 years and 7 months</li> </ul> </li> <li>• Mr Paul Harris (Chairperson, Non-Executive Director) <ul style="list-style-type: none"> <li>○ Appointed on 17 December 2014</li> <li>○ Length of service: approximately 5 years and 10 months</li> </ul> </li> <li>• Mr Ivan Wong (Non-Executive Director) <ul style="list-style-type: none"> <li>○ Appointed on 1 July 2016</li> <li>○ Length of service: approximately 4 years and 3 months</li> </ul> </li> <li>• Mr Stephen Lonergan (Non-Executive Director) retired 25 November 2019 <ul style="list-style-type: none"> <li>○ Appointed on 7 September 2016</li> <li>○ Length of service: approximately 3 years and 2 months</li> </ul> </li> <li>• Dr Fred Hess (Non-Executive Director) appointed 2 July 2019 <ul style="list-style-type: none"> <li>○ Appointed on 2 July 2019</li> <li>○ Length of service: approximately 1 years and 3 months</li> </ul> </li> <li>• Mr Andrew Greville (Non-Executive Director) appointed 15 May 2020 <ul style="list-style-type: none"> <li>○ Appointed on 15 May 2020</li> <li>○ Length of service: approximately 5 months</li> </ul> </li> </ul>

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2.4. <i>A majority of the board of a listed entity should be independent directors.</i>	No	The Board considers that two of the five Directors were independent Directors during the reporting period.
2.5. <i>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.</i>	No	The Company's current Chairman is Mr Paul Harris, who is not an independent director and is not the same person as the CEO. The Managing Director of the Company during the reporting period was Mr Hamish Collins.
2.6. <i>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</i>	Yes	<p>The Company has an induction programme for each new Director upon appointment. This includes a site visit to Walford Creek, meeting with members of the existing Board and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements, and Board practices and procedures.</p> <p>On an ongoing basis, and subject to approval of the Chairman, Directors may request and undertake training and professional development, as appropriate, at the Company's expense.</p>
<b>3. Promote ethical and responsible decision-making</b>		
3.1. <i>A listed entity should:</i>		
(a) <i>have a code of conduct for its directors, senior executives and employees; and</i>	Yes	<p>The Board is committed to the establishment and maintenance of appropriate ethical standards in order to instil confidence in both clients and the community in the way the Company conducts its business. These standards are encapsulated in the Code of Conduct which outlines how the Company expects each person who represents it to behave and conduct business.</p> <p>A copy of the Code of Conduct is available on the Company's website at the following URL:  <a href="http://www.aeonmetals.com.au/about-us/#corporate-governance">http://www.aeonmetals.com.au/about-us/#corporate-governance</a></p>
(b) <i>disclose that code or a summary of it.</i>	Yes	
<b>4. Safeguard integrity in financial reporting</b>		
4.1. <i>The board of a listed entity should:</i>		
(a) <i>have an audit committee which:</i>		
(1) <i>has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</i>	Yes	<p>The Company has a separately constituted Audit Committee. A copy of the Audit Committee Charter can be located on the Company's website at <a href="http://www.aeonmetals.com.au/about-us/#corporate-governance">http://www.aeonmetals.com.au/about-us/#corporate-governance</a></p> <p>During the reporting period, the Audit Committee consisted of the following members:</p> <ul style="list-style-type: none"> <li>• Mr Hess (Chair);</li> <li>• Mr Wong; and</li> <li>• Mr Greville (appointed on 15 May 2020).</li> </ul> <p>During the reporting period, two out of three members of the Audit Committee were considered by the Company to be independent directors, including the chair of the Audit and Risk Committee. However, all of the members were non-executive directors.</p> <p>The number of times that the Audit and Risk Committee met is set out in the 2020 Annual Report.</p>
(2) <i>is chaired by an independent director, who is not the chair of the board, and disclose:</i>	Yes	
(3) <i>the charter of the committee;</i>	Yes	
(4) <i>the relevant qualifications and experience of the members of the committee; and</i>	Yes	
(5) <i>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i>	Yes	

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<i>(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.</i>	N/A	
4.2. <i>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.</i>	Yes	Before the Board approves the Group's financial statements for a financial period, the Board receives a declaration from the MD in accordance with section 295A of the Corporations Act 2001 that, in his opinion, the financial records of the Group 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 Group, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3. <i>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</i>	Yes	An external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.
<b>5. Make timely and balanced disclosure</b>		
5.1. <i>A listed entity should:</i>		
<i>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</i>	Yes	The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair, and well-informed market in its securities and compliance with the continuous disclosure requirements imposed by law, including the Corporations Act and the ASX Listing Rules.
<i>(b) disclose that policy or a summary of it.</i>	Yes	A copy of the Company's Continuous Disclosure Policy is available at the following URL: <a href="http://www.aeonmetals.com.au/about-us/#corporate-governance">http://www.aeonmetals.com.au/about-us/#corporate-governance</a>
<b>6. Respect the rights of shareholders</b>		
6.1. <i>A listed entity should provide information about itself and its governance to investors via its website.</i>	Yes	The Company provides information about itself and its governance to its investors on the Company's website via the following URL: <a href="http://www.aeonmetals.com.au/about-us/#corporate-governance">http://www.aeonmetals.com.au/about-us/#corporate-governance</a>  The Company will regularly update the website and contents therein as deemed necessary.
6.2. <i>A listed entity should design and implement an investor relations</i>	Yes	The Group has an investor relations program to facilitate effective two-way communication with shareholders. The Group's investor relations program includes the following:

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<i>program to facilitate effective two-way communication with investors.</i>		<ul style="list-style-type: none"> <li>(a) an email link on the Group's website for shareholders to ask questions;</li> <li>(b) actively engaging with shareholders at the AGM;</li> <li>(c) periodic meetings with institutional investors, analysts and financial media representatives; and</li> <li>(d) engagement of professional investor relations consultants to disseminate information.</li> </ul>
6.3. <i>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</i>	Yes	<p>The Company has a formal shareholder communications policy in place whereby information will be communicated to shareholders through:</p> <ul style="list-style-type: none"> <li>(a) continuous disclosure of all relevant financial and other information to the ASX;</li> <li>(b) periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of corporate activities;</li> <li>(c) notices of meetings and explanatory material;</li> <li>(d) the annual general meeting;</li> <li>(e) periodic newsletters or letters from the Chairman or Managing Director; and</li> <li>(f) publishing information on the Company's website at <a href="http://www.aeonmetals.com.au">http://www.aeonmetals.com.au</a></li> </ul> <p>A copy of the Company's formal shareholder communications policy is available at the following URL: <a href="http://www.aeonmetals.com.au/about-us/#corporate-governance">http://www.aeonmetals.com.au/about-us/#corporate-governance</a></p>
6.4. <i>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</i>	Yes	The Company encourages shareholders to register for receipt of announcements, updates and communications.
<b>7. Recognise and manage risk</b>		
7.1. <i>The Board of a listed entity should:</i>		
<i>(a) have a committee or committees to oversee risk, each of which:</i>		
<i>(1) has at least three members, a majority of whom are independent directors; and</i>	No	<p>The Group has not established a Risk Committee but has established policies for the oversight and management of its material business risks as follows:</p> <ul style="list-style-type: none"> <li>(a) the Audit Committee oversees financial risks pursuant to the Audit Committee charter. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators;</li> <li>(b) management will oversee the Company's other material business risks at the relevant stage of the Group's development.</li> </ul>
<i>(2) is chaired by an independent director, and disclose:</i>	No	
<i>(3) the charter of the committee;</i>	No	
<i>(4) the members of the committee; and</i>	No	
<i>(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</i>	No	
<i>(b) if it does not have a risk committee or committees that</i>	Yes	



ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<p><i>satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</i></p>		
<p>7.2. <i>The board or a committee of the board should:</i>            (a) <i>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</i>            (b) <i>disclose in relation to each reporting period, whether such a review has taken place.</i></p>	<p>Yes</p> <p>Yes</p>	<p>The Board reviews the group's risk management framework at least annually to satisfy itself that it continues to be sound and operates within the risk parameters set by the Board.</p> <p>The Board requires management to implement risk management and internal control systems to manage the Company's business risks. The Board requires management to report to it on whether those risks are being managed effectively.</p>
<p>7.3. <i>A listed entity should disclose:</i>            (a) <i>if it has an internal audit function, how the function is structured and what role it performs; or</i>            (b) <i>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.</i></p>	<p>No</p> <p>Yes</p>	<p>The Group does not have an internal audit function. The processes that the Group employs for evaluating and continually improving the effectiveness of its risk management and internal control processes include the following:</p> <ul style="list-style-type: none"> <li>(a) The Group's risk management framework addresses the roles and accountabilities of the Board, the Audit Committee and management;</li> <li>(b) The Board and Audit Committee oversee the Group's material business risks;</li> <li>(c) The MD is accountable for operational risk management, safety, health, environment and community matters;</li> <li>(d) The Audit Committee oversees financial risks pursuant to its Charter. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.</li> </ul>
<p>7.4. <i>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</i></p>	<p>Yes</p>	<p>The categories of risk to which the Group has exposure include economic, environmental and social sustainability risks.</p> <p>At this stage of the Group's development these risks are largely environmental and social. The Group manages these risks as follows:</p> <ul style="list-style-type: none"> <li>(a) The Group takes expert external advice on environmental issues which may impact on the development of its projects;</li> <li>(b) The Group fosters a mutually advantageous relationship with affected landholders and aboriginal interests;</li> <li>(c) The Group manages environmental risks by adopting environmental management programs for each of its sites; and</li> <li>(d) The Group recognises that a strong mutual relationship with each community in which it operates is necessary for successful operations. In addition, the Group</li> </ul>



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<p><i>(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</i></p> <p><i>(b) disclose that policy or a summary of it.</i></p>	Yes	<p>placements at market prices on the date of allotment. Because these arrangements are essentially downside liability free for participants, the Group has no policy precluding participants entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under this equity-based remuneration scheme. Dealing in shares under the scheme is otherwise regulated by the Group's share trading policy available on the Company's website.</p>