

## Corporate Governance Statement

This Corporate Governance Statement is current as of 31 July 2018 (with additional details included on 29 November 2018, which relates to the period ending 31 July 2018) and has been approved by the Board of Directors of Havilah Resources Limited.

The Board is committed to achieving and demonstrating high, but fit for purpose, standards of corporate governance. As such, Havilah Resources Limited (Havilah or the Company) and its Subsidiaries (the Group) have made it a priority to develop and adopt systems of control and accountability as the basis for the administration of the Group's corporate governance based on the ASX Principles and Recommendations.

In line with the spirit of the Australian Securities Exchange *Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition* (the ASX Principles and Recommendations) the Group has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for the Group's corporate governance practices, taking into account factors such as the size of the Group and the Board, resources available and activities of the Group.

### **Principle 2 Recommendation 2.3 Independence Assessment of Directors**

The Board consists of a majority of independent non-executive directors. The Board assesses director independence in accordance with the Board of Directors Charter and with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (specifically the factors listed in Box 2.3). These independent directors are Mr Kenneth Williams (Chairman of the Havilah Board) and Mr Mark Stewart (Chairman of the Audit and Risk Committee). In accordance with the Board of Directors Charter, the Board with Mr Stewart abstaining, has assessed Mr Stewart's independence. The services provided by Arion Legal, of which Mr Stewart is a principal, are not material with regard to the overall legal fees incurred by the Company on an annual basis, nor the scope and type of legal work provided. Arion Legal is also restricted from providing legal advice with respect to matters where Mr Stewart could potentially be conflicted. This assessment, along with the measures put in place since Mr Stewart's appointment to the Board, and the fact the Board of Directors has seen no evidence that management's use of Arion Legal impacts on the independence of Mr Stewart, also confirms that Mr Stewart is independent.

Further information about the Company's corporate governance practices is set out on the Company's website at <http://www.havilah-resources.com.au/company/corporate-governance/>. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's Code of Conduct and other policies and procedures relating to the Board and its responsibilities. It also includes the most recent Appendix 4G - Key to Disclosures Corporate Governance Council Principles and Recommendations checklist filed with the ASX.

Where, after due consideration, the Group's corporate governance practices depart from the ASX Principles and Recommendations, the Board has provided full disclosure of the nature of and reason for the adoption of its own practice.

## **“If not, why not” Reporting**

During the financial year the Group has followed each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

### **Principle 1 Recommendation 1.5**

#### **Notification of Departure:**

Diversity targets have not been established.

#### **Explanation of Departure:**

Due to the small size of the Group, the Board does not consider it practical at this stage in the development of the Group to establish diversity targets. The Board is, however, committed to diversity in the workforce and will establish measurable objectives as the Group grows. This commitment to diversity, despite the lack of actual targets, has seen real progress in gender diversity across the Group as described in more detail in the Annual Report. Female employees now represent 50% of the professional employees in the Group and 57% of the Group's leadership team.

### **Principle 1 Recommendation 1.6**

#### **Notification of Departure:**

Formal process for evaluating the performance of the Board, its committees and individual Directors not disclosed.

#### **Explanation of Departure:**

The Board currently assesses its performance on an annual basis. Given the size of the Board and the regular interaction between Board members, the Board considers that to date this process has been adequate, however, it plans to establish a more formal process as the Group develops.

### **Principle 1 Recommendation 1.7**

#### **Notification of Departure:**

Formal process for evaluating the performance of Senior Executives not disclosed.

#### **Explanation of Departure:**

The Board continually monitors the performance of the leadership team. Given the size of the Group and the regular interaction between the Board and the leadership team, the Board considers that to date this process has been adequate, however, it is currently putting in place a more formal process, which will come into effect in the next 12 months.

### **Principle 2 Recommendation 2.1**

#### **Notification of Departure:**

Nomination Committee not established and process for evaluating the performance of the Board, its Committees, and individual Directors not disclosed.

#### **Explanation of Departure:**

In accordance with its Nominations Policy, the Board continually assesses optimal Board size and composition, as well as skill sets and succession issues. Given the size of the Group and the regular interaction between Board members, the Board considers at this stage that the process in place is adequate.

### **Principle 4 Recommendation 4.1**

#### **Notification of Departure:**

The Audit Committee does not consist of only Non-Executive Directors.

#### **Explanation of Departure:**

Due to the Board of Directors consisting of only three members, the whole Board comprises the Audit and Risk Committee, including one Executive Director.

### **Principle 7 Recommendation 7.3**

#### **Notification of Departure:**

The Group does not have an internal audit function.

#### **Explanation of Departure:**

Due to the small size of the Group there is not an internal audit function. The Chair of the Audit and Risk Committee plays a hands-on role in the evaluation and review of the risk management and internal control processes employed by management.

### **Principle 8 Recommendation 8.1**

#### **Notification of Departure:**

There is no Remuneration Committee.

#### **Explanation of Departure:**

There is no Remuneration Committee due to the small size of the Board. In accordance with its Remuneration Policy, the whole Board undertakes the functions of the Remuneration Committee to set and review the level and composition of remuneration for Directors and other key management personnel.

### **Principle 8 Recommendation 8.2**

#### **Notification of Departure:**

The Group has instituted specific policies and practices regarding the remuneration of all employees, including the Chief Executive Officer and Company Secretary roles. There are currently no specific policies and practices regarding the remuneration of Directors.

#### **Explanation of Departure:**

Due to the small size of the Group and the Board, outside of the Remuneration Policy there are no specific remuneration practices with respect to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is currently \$0.300 million as approved at the 2016 annual general meeting. This cannot be increased without approval of Havilah's shareholders.