

Crater Gold Mining Ltd Corporate Governance Statement - 2019

As an integral part of its preparations to list on the Australian Securities Exchange (“**ASX**”), the Group has considered and set up a framework for embracing the ASX Corporate Governance Principles and Recommendations Third Edition (“**Recommendations**”). The Group has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Group and the Board, the resources available to the Group and the activities of the Group. Where, after due consideration the Group’s corporate governance policies depart from the Recommendations, the Board has outlined the nature of, and reason for, the adoption of its own practice.

Further information about the Company’s corporate governance practices is available on the Company’s web site at www.cratergold.com.au.

The Board sets out below its “if not why not” report in relation to those matters of corporate governance where the Group’s practices depart from the Recommendations. As the Group’s activities develop in size, nature and scope, further consideration will be given by the Board to the implementation of additional corporate governance structures.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
	Recommendation	Crater Gold Mining Ltd Current Practice
1.1	A listed entity should disclose: (a) 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 Corporate Governance Charter, a copy of which is available at www.cratergold.com.au which includes the structure for the role of the Board. Executive Service Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the Company recruits additional management, the roles and responsibilities of these persons will be considered and documented.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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 Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board’s consideration of them as independent or non independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Not Adopted This recommendaiton will be addressed in the forthcoming year to ensure the Company complies.
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 The responsibilities of the Company Secretary are contained within the Corporate Governance Charter Document.
1.5	A listed entity should: (a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually (b) disclose that policy (c) disclose at end of reporting period how objectives are being achieved via: (i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or (ii) if entity is a “relevant employer” under the Workplace Gender Equality Act, the entities most recent “Gender Equality	Not Adopted It has been determined that currently due to the nature and size of the current operation and stage of development, developing and adopting a Diversity Policy would be of no great value to the organisation. The Company makes the following disclosures regarding the proportion of women employed in the organisation: - Women on Board: 0% - Women in Senior Management: 0% - Women in whole organisation: 9%

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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, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Adopted</p> <p>Contained within its Corporate Governance Charter, the Company has provided that it is required to undertake annual formal performance review measures for the Board, its committees and individual directors. However no review has taken place in the reporting period.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Adopted.</p> <p>Contained within its Corporate Governance Charter, the Company has provided that it is required to undertake annual formal performance review measures for Senior Executives. However no review has taken place in the reporting period.</p>
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE		
	Recommendation	Crater Gold Limited Current Practice
2.1	<p>The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <p style="padding-left: 20px;">(i) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(ii) is chaired by a independent director;</p> <p>and disclose:</p> <p style="padding-left: 20px;">(i) the charter of the committee;</p> <p style="padding-left: 20px;">(ii) the members of the committee; and</p> <p style="padding-left: 20px;">(iii) 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 issue 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 Company has a Remuneration and Nomination Committee, however the Committee has only two members, with only one member being independent. The members are Desmond Sun (independent) who is also the Chairman of the Committee and Tom Fermanis. Details of the qualifications of the Committee members and meetings attended by them are contained in the Directors' Report. The Committee has a charter which is published on the Company's website – refer www.cratergold.com.au.</p>
2.2	<p>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.</p>	<p>Not Adopted</p> <p>The Company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is no immediate plans to develop and disclose a Board Skills Matrix.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors</p> <p>(b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Adopted.</p> <p>(a) Desmond Sun – Independent</p> <p>(b) n/a</p> <p>(c) Sam Chan –Appointed 29/01/2013 – 6 years Tom Fermanis – Appointed 1/4/2015 – 4 years Russell Parker – Appointed 01/04/2015 – 4 years Lawrence Lee – Appointed 01/04/2015 – 4 years Desmond Sun – Appointed 29/01/2013 – 6 years</p>

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2.4	A majority of the Board of a listed entity should be independent directors.	<p>Not Adopted.</p> <p>Only 20% of the Board (1 member, Desmond Sun) is considered independent as per box 2.3 of the ASX Corporate Governance Principles and Recommendations.</p> <p>Currently there is one independent director and four non-independent directors. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations. The Board considers that its structure is appropriate in the context of the Company's recent history. The Company considers that the non independent director possesses the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's operations, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent directors as it deems appropriate.</p>
2.5	The Chair of a 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.	<p>Not Adopted.</p> <p>While the Board recognises the importance of independence in decision making, it does not comply with Recommendation 2.2. Given the size and the limited resources of the Company there would be no value to shareholders or the Company in having an independent Chairman at this point in time. This will be revisited should the nature or size of the operations change substantially. The Board believes that Mr Sam Chan is the most appropriate person for the position as Chairman because of his interest in the Company and his experience and knowledge of the Company's operations.</p> <p>The role of chairperson of the Board and the CEO (Managing Director) are exercised by two separate directors.</p>
2.6	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.	<p>Adopted.</p> <p>The induction of new directors is currently completed by the Company Secretary. All Directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.</p>

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

	Recommendation	Crater Gold Limited Current Practice
3.1	<p>A listed entity should:</p> <p>(a) Have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code of conduct or a summary of it.</p>	<p>Adopted.</p> <p>The Code of Conduct is contained within the Corporate Governance Policy a copy of which is published on the Company's website and available at www.cratergold.com.au</p>

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

	Recommendation	Crater Gold Limited Current Practice
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board;</p>	<p>Not Adopted</p> <p>The Company has an Audit Committee, however the Committee has only two members, with only one member being independent and a non-executive director. The members are Desmond Sun (independent Non-Executive Director) who is also the Chairman of the Committee and Lawrence Lee. Details of the qualifications of the Committee members and meetings attended by them are</p>

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	<p>And disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee (iv) the relevant qualifications and experience of the member of the committee; and (v) 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>(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>contained in the Directors' Report. The Committee has a charter which is published on the Company's website – refer www.cratergold.com.au</p>
4.2	<p>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.</p>	<p>Adopted</p>
4.3	<p>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</p>	<p>Adopted</p>

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

	Recommendation	Crater Gold Limited Current Practice
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it 	<p>Adopted.</p> <p>The Company's Continuous Disclosure Policy is contained within its Corporate Governance Policy which is published on the Company website. Refer www.cratergold.com.au</p>

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

	Recommendation	Crater Gold Limited Current Practice
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Adopted</p> <p>Refer to the Company's Corporate Governance page on its website – www.cratergold.com.au</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Adopted</p> <p>The Company regularly communicates to its shareholders in a timely manner through a communications strategy that includes:</p> <ul style="list-style-type: none"> - relevant disclosures made in accordance with ASX Listing Rule disclosure requirements; - making documents that have been released publicly available on the Company's website; and - communicating with shareholders electronically through the Company's web-based application. <p>- responding in a timely and transparent fashion to all shareholder enquiries.</p>

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6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage 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 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	Crater Gold Limited Current Practice
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, And disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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.	Not Adopted The Company does not currently have a Risk Committee. The role of a risk committee is undertaken by the whole board. The Company has established policies for the oversight of material business risks and the management of material business risks which require review, which will be undertaken within the next reporting period.
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 (b) disclose, in relation to each reporting period, whether such a review has taken place.	Not Adopted. The Board reviews risk on a regular basis, however a review has not taken place in the reporting period.
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 Company 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.
7.4	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.	Not Adopted. The Company does not have a sustainability policy.

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
	Recommendation	Crater Gold Limited Current Practice
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 <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>	<p>Not Adopted.</p> <p>The Company has a Remuneration and Nomination Committee, however the Committee has only two members, with only one member being independent. The members are Desmond Sun (independent) who is also the Chairman of the Committee and Tom Fermanis. Details of the qualifications of the Committee members and meetings attended by them are contained in the Directors' Report. The Committee has a charter which is published on the Company's website – refer www.cratergold.com.au.</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 Employee Equity Incentive Scheme however there is no policy on whether employees (including non-executive directors) are permitted to enter into transactions which limit the economic risk of participating in the scheme. The Company intends to develop a policy regarding this in the forthcoming year.</p>

Corporate Governance Statement dated: 30 June 2019

Approved by the Board: 26 September 2019