

# Corporate Governance Statement

Horizon Minerals Limited ("**Horizon**" or the "**Company**") and its controlled entities ("**Group**") have implemented and is committed to maintaining a high standard of corporate governance to comply with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations - 3rd Edition*. All the practices outlined in this statement unless otherwise stated, have been in place for the full reporting period.

The Corporate Governance Principles and related charters and policies for the management and operation of the Group are available for review on the Corporate Governance section of the Group's website: <https://horizonminerals.com.au/corporate-governance/>

This document is current as at 30 September 2020. The information in this statement should be read in conjunction with the Company's 2020 Annual Report and has been approved by the Board of the Company.

**PRINCIPLE 1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

**Recommendation 1.1 Role of Board and management**

The Board Charter sets out matters including the specific roles and responsibilities of the Board and management requirements as to the Board's composition, the roles and responsibilities of the Chair and Company Secretary, and the establishment, operation and management of Board Committees.

The Company's Board Charter is available on the Company's website.

**Recommendation 1.2 Information regarding election and re-election of Director candidates**

The Company undertakes checks on any person who is being considered as a director. These checks may include good fame and character, experience, education and financial history and background.

All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.

**Recommendation 1.3 Written contracts of appointment**

All Director's and Senior Executives either have a written agreement or a letter of engagement with the Company setting out the terms of their appointment.

**Recommendation 1.4 Company Secretary**

The Company Secretary's role is to support the Board's effectiveness by:

- helping to organise and facilitate the induction and professional development of directors;
- monitoring whether Company policies and procedures are followed;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes;
- advising the Board and Committees on governance matters; and
- co-ordinating the timely distribution of Board and Committee agendas and briefing materials. The decision to appoint or remove a Company Secretary is made or approved by the Board. The Company Secretary is accountable to the Board through the Non-Executive Chairman on all matters to do with the proper functioning of the Board. Each of the Directors has unrestricted access to the Company Secretary.

**Recommendation 1.5 Diversity and Inclusion**

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Diversity is not limited to gender, age, ethnicity and/or cultural backgrounds.

The Company has adopted a formal diversity policy that includes, but is not limited to, factors such as gender, age, ethnicity and cultural background. Appointments are made on ability and availability.

The policy can be viewed on the Company's website.

The Board did not set measurable gender diversity objectives for the past financial year because the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles would, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit.

As at 25 September 2020, the proportion of women employed in the Group was:

Level	Number of Women	Proportion of Women
Board	0 of 3	0%
Senior Executives*	1 of 6	17%
Whole organisation	4 of 13	31%

\*Senior executives include Directors, Chief Operating Officer, Chief Geological Officer and Company Secretary.

**Recommendation 1.6 Board reviews**

The performance of the Board, is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including those set out in the Board Charter. The Remuneration and Nomination Committee will assist the Board as required in evaluations of the performance of directors (including the Managing Director).

The Company will report on whether a performance evaluation was undertaken.

**Recommendation 1.7 Management reviews**

The Remuneration and Nomination Committee is responsible for evaluating the performance of senior executives. The Committee is to arrange an annual performance evaluation of the senior executives.

The Remuneration and Nomination Committee is required to disclose whether or not performance evaluations were conducted during the relevant reporting period.

**Principle 2 Structure the Board to Add Value**

**Recommendation 2.1 Nomination Committee**

The Company has a Remuneration and Nomination Committee which comprises the full Board, two of whom are independent.

The Remuneration and Nomination Committee's Charter is located on the Company's website.

The Company will report on the meetings and attendance of the Remuneration and Nomination Committee.

**Recommendation 2.2 Board Skills**

The Board regularly evaluates the mix of skills, experience and diversity at the Board level. The Board believes that a highly credentialed Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for the Company and value for the Company's shareholders. The mix of skills comprised in the current Board, and that the Board would look to maintain, and to build on, includes:

Element	Skills
<b>Leadership</b>	Executive leadership
	Health, Safety and environment
<b>Portfolio</b>	Strategy / Mergers and Acquisitions
	Financial acumen
	Risk management
	Mining industry expertise
	Metallurgy and metals expertise
	Experience in dealing with joint ventures and high levels of government and regulators
	Market knowledge
	Innovation
	Change and transition
Information technology	
<b>People</b>	Organisational sustainability
	Remuneration and rewards
<b>Governance</b>	Governance and regulation
	Board experience

The Board aspires to have a Board comprised of individuals' diverse experience and expertise and will be mindful of this when making appointments which will also be based on merit. The Company considers that each of the directors possess skills and experience suitable for building the Company. A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

**Recommendation 2.3 Disclose Independence and length of service**

As at 25 September 2020, the Board comprises of three Directors, two of which are independent –

Director	Independent	Not Independent	Length of service
Jon Price*		✓	Appointed 1 January 2016
Peter Bilbe	✓		Appointed 1 July 2016
Ashok Parekh	✓		Appointed 14 June 2019

\*Jon Price is not independent as he is an executive Director.

**Recommendation 2.4 Majority of Directors independent**

The Board currently comprises three directors, two of whom are independent. The Board believes that its composition is appropriate at the current time.

**Recommendation 2.5 Chair independent**

The Chairman of the Board, Mr Ashok Parekh, is an independent, non-executive Director.

**Recommendation 2.6 Induction and professional development**

Management, with the Board, provides an orientation program for new Directors.

The program includes:

- briefings from executives and management, including detailed introductions to Horizon’s business and strategy implementation, history, culture, industry and key risks and opportunities;
- an introduction to Horizon’s regulatory environment (including legal duties and responsibilities of Horizon Directors, and accounting matters where the Director requests additional background);
- the provision of induction materials such as the Strategic Plan and governance charters and policies;
- site visits to some of Horizon’s key operations and discussions with other Directors.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company.

Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company. The Company Secretary under the guidance of the full Board oversees the induction program for new directors.

### Principle 3 Act ethically and responsibly

#### Recommendation 3.1 Code of Conduct

The Board has adopted a Code of Conduct, available on the Company's website, for Directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance) and encourage the observance of those standards. The Code of Conduct also establishes guidelines for their conduct in matters such as ethical standards and the disclosure and management of conflicts of interests.

The Board supports the following Code of Conduct issued by the Australian Institute of Company Directors:

- A Director must act honestly, in good faith and in the best interests of the Group as a whole;
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- A Director must use the powers of office for a proper purpose, in the best interests of the Group as a whole;
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Group;
- A Director must not make improper use of information acquired as a Director;
- A Director must not take improper advantage of the position of Director;
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Group;
- A Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
- Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Group from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that Group, or the person from whom the information is provided, or is required by law;
- A Director should not engage in conduct likely to bring discredit upon the Group;

A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

### Principle 4 Safeguard integrity on corporate reports

#### Recommendation 4.1 Audit Committee

The Company has an Audit and Risk Committee which comprises the full board, a majority of whom are independent Directors, and is chaired by an independent Director who is not the Chair of the Board.

The Audit and Risk Committee Charter is available on the Company's website.

The members of the Audit and Risk Committee are currently:

- Peter Bilbe (Independent Non-executive Director and Chair of the Committee);
- Ashok Parekh (Independent Non-executive Director); and
- Jon Price (Non-Independent Managing Director).

The Company will report on the meetings and attendance of the Audit and Risk Committee.

The skills, experience and expertise relevant to each member of the audit committee is included in the Directors Report. Details of the number of meetings of the committee held during the year and the attendees at those meetings are available in the Directors Report.

The main responsibilities of the audit committee are to:

- review and report to the Board on the annual report and financial statements;
- provide assurance to the Board that it is receiving adequate, up to date and reliable information;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations;
  - reliability of financial reporting;
  - compliance with applicable laws and regulations; and
  - coordination with the external auditors.

The committee is also charged with the responsibilities of recommending to the Board the appointment, removal and remuneration of the external auditors, reviewing the terms of their engagement and the scope and quality of the audit.

In fulfilling its responsibilities the committee receives regular reports from external auditors. The external auditors have a clear line of direct communication at any time to the Chairman of the audit committee.

The committee has authority, within the scope of its responsibilities, to:

- seek any information it requires from any employee or external party, and
- obtain external legal or other independent professional advice.

The committee reports to the full Board after each committee meeting and relevant papers are provided to all Directors.

#### Recommendation 4.2 CEO and CFO certification of financial statements

Due to the size of the Company the Managing Director is responsible to provide a declaration to the Board in accordance with section 295A of the Corporations Act as the company does not have a Chief Executive Officer (or equivalent) or Chief Financial Officer (or equivalent). Accordingly, the Board will seek to procure that the Managing Director puts in place sound systems of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

The required declarations from the Managing Director have been given to the Board for the half-year ended 31 December 2019 and financial year ended 30 June 2020.

#### Recommendation 4.3 External auditor at AGM

The Audit and Risk Committee Charter provides that the Committee must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

## Principle 5 Make Timely and Balanced Disclosure

### Recommendation 5.1 Disclosure and Communications Policy

The Company has a Continuous Disclosure and Market Communications Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications.

The Continuous Disclosure and Market Communications Policy is available on the Company's website.

## Principle 6 Respect the Rights of Security Holders

### Recommendation 6.1 Information on website

The Company's website [www.horizonminerals.com.au](http://www.horizonminerals.com.au) provides various information about the Company, including:

- overviews of the Company's operating businesses, divisions and structure;
- biographical information for each Director;
- biographical information for members of the Senior Management team;
- copies of Board and Committee Charters;
- Corporate Governance Policies;
- Annual Reports and Financial Statements;
- announcements to ASX;
- security price information;
- contact details for the Company's Share Registry; and
- details concerning the date of the Annual General Meeting, including the Notice of Meeting, when available.

### Recommendation 6.2 Investor relations programs

The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.

The Shareholder Communications Policy is available on the Company's website.

### Recommendation 6.3 Facilitate participation at meetings of security holders

The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend the meeting. At all meetings of security holders all substantive resolutions are decided by a poll.

### Recommendation 6.4 Facilitate electronic communications

The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders including receiving communications electronically.

Shareholders have the option of electing to receive communications from the Company and its share registry electronically.



**Principle 7 Recognise and Manage Risk**

**Recommendation 7.1 Risk Committee**

The Company has an Audit and Risk Committee which comprises the full board, a majority of whom are independent Directors, and is chaired by an independent Director who is not the Chair of the Board.

The Audit and Risk Committee Charter which is available on the Company's website.

The members of the Audit and Risk Committee are currently:

- Peter Bilbe (Independent Non-executive Director and Chair of the Committee);
- Ashok Parekh (Independent Non-executive Director); and
- Jon Price (Non-Independent Managing Director).

The Company will report on the meetings and attendance of the Audit and Risk Committee.

The Company has an Audit and Risk Committee which comprises the full board, a majority of whom are independent Directors, and is chaired by an independent Director who is not the Chair of the Board.

The Audit and Risk Committee Charter is available on the Company's website.

**Recommendation 7.2 Annual risk review**

The Board will, at least annually, assisted by the Audit and Risk Committee, undertake a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company.

The Company will report on whether such a review has taken place.

**Recommendation 7.3 Internal Audit**

The internal audit function is overseen by the Audit and Risk Committee pursuant to the Audit and Risk Committee Charter.

**Recommendation 7.4 Sustainability risks**

The Company identifies and manages material exposures to economic, environmental and social sustainability risks in a manner consistent with its Risk Committee Charter.

### Principle 8 Remunerate Fairly and Responsibly

#### Recommendation 8.1 Remuneration Committee

The Company has a Remuneration and Nomination Committee which comprises the full Board, two of whom are independent.

The Remuneration and Nomination Committee Charter is available in the Corporate Governance Plan on the Company's website.

The members of the Remuneration and Nomination Committee are currently,

- Peter Bilbe (Independent Non-executive Director and Chair of the Committee);
- Ashok Parekh (Independent Non-executive Director); and
- Jon Price (Non-Independent Managing Director).

The Company will report on the meetings and attendance of the Remuneration and Nomination Committee.

#### Recommendation 8.2 Disclosure of Executive and Non-Executive Director remuneration policy

The Company provides disclosure of all Directors and executives remuneration in its annual report.

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Group. There are no documented agreements providing for termination or retirement benefits to non-executive directors.

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Performance incentives may include performance bonus payments, shares and/or options granted at the discretion of the Board and subject to obtaining the relevant approvals.

#### Recommendation 8.3 Policy on equity incentive schemes

The Company has an employee incentive scheme and has adopted a policy that participants are not permitted to enter into transactions which limit the economic risk of participating in the scheme.