



**VICTORY MINES LIMITED**

**ABN 39 151 900 855**

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## **Corporate Governance Statement**

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The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*.

In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in this Corporate Governance Statement however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations. Date of last review and Board approval: 29 September 2017.

| <b>Principle / Recommendation</b>                                                                                                                                                                                                     | <b>Compliance</b> | <b>Website / Annual Report Reference</b>       | <b>Commentary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <b>Principle 1: Lay solid foundations for management and oversight</b>                                                                                                                                                                |                   |                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Recommendation 1.1</b><br>A listed entity should disclose:<br>a) the respective roles and responsibilities of its board and management; and<br>b) those matters expressly reserved to the board and those delegated to management. | Yes               | Website:<br>Board Charter &<br>Code of Conduct | To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience have been stated in the Directors' Report of the 2017 Annual Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment.<br><br>The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties. |



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|  |  |  | <p>In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company. To assist the Board carry its functions, it has developed a Code of Conduct to guide the Directors.</p> <p>In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.</p> <p>Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.</p> <ul style="list-style-type: none"><li>• Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.</li><li>• Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.</li><li>• Overseeing Planning Activities: the development of the Company's strategic plan.</li><li>• Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company as well as ensuring timely and balanced disclosures of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the entity's securities.</li><li>• Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.</li><li>• Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting along with ensuring the integrity of the Company's financial and other reporting.</li><li>• Human Resources: reviewing the performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy.</li><li>• Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the</li></ul> |
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|                                                                                                                                                                                                                                                                                                                                                                                  |     |                                                  | <p>Company's occupational health and safety systems to ensure the well-being of all employees.</p> <ul style="list-style-type: none"> <li>• Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.</li> <li>• Monitoring the effectiveness of the Company's corporate governance practices.</li> </ul> <p>Full details of the Board and Company Secretary roles and responsibilities are contained in the Board Charter.</p>                                                                                                                                                                 |
| <p><u>Recommendation 1.2</u><br/>A listed entity should:</p> <p>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>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.</p> | No  | Director Selection Procedure (internal document) | <p>Proposed directors are considered for appointment based on their experience. Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's operations. In addition, Directors should have the relevant blend of personal experience in accounting and financial management; and director-level business experience.</p> <p>Information regarding each director to be elected or re-elected will be set out in the current year annual report. Where this is not possible, sufficient information will be included in the notice of meeting sent to shareholders.</p> |
| <p><u>Recommendation 1.3</u><br/>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>                                                                                                                                                                                                         | Yes | Kept at registered office                        | <p>The Company has entered into an agreement with each director setting out the terms of their appointment.</p> <p>Each director has a written agreement with the Company that covers all aspects of their appointment including term, time commitment required, remuneration, disclosure of interests that may affect independence, guidance on complying with the Company's corporate governance policies and the right to seek independent advice, indemnity and insurance arrangements, rights of access to the Company's information and ongoing confidentiality obligations.</p> <p>Each member of the Board is committed to spending sufficient time to enable them to carry out</p>                                                                                  |



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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |     |                              | their duties as a Director of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><u>Recommendation 1.4</u><br/>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.</p>                                                                                                                                                                                                                                                                                                                                                         | Yes | Website:<br>Board Charter    | <p>The company secretary works closely with the board Chairman but is also available to each board member and each board member available to the company secretary.</p> <p>The company secretary is accountable to the board. The board relies on the company secretary for guidance on governance matters, monitoring of board policies, preparation of board papers and any other matters required by the board.</p> <p>The duties provided by the company secretary are detailed in the agreement between the company and Mining Corporate Pty Ltd, the company providing company secretarial services.</p> <p>Full details of the Board and Company Secretary roles and responsibilities are contained in the Board Charter.</p>                                                                                                                                                                                                                                                                                         |
| <p><u>Recommendation 1.5</u><br/>A listed entity should:</p> <p>a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in</p> | Yes | Website:<br>Diversity Policy | <p>The Company recognises and respects the value of diversity at all levels of the organisation. The board is committed to setting measurable objectives for attracting and engaging women at the board level, in senior management and across the whole organisation.</p> <p>The Diversity Policy is available on the Company's website.</p> <p>Gender diversity objectives for the employment of women are as follows:</p> <ul style="list-style-type: none"> <li>• to the Board – 17%</li> <li>• to senior management (including board and company secretary) – 20% by 2017</li> <li>• to the organisation as a whole – 20% by 2017</li> </ul> <p>As at the date of this report, the Company has the following proportion of women appointed:</p> <ul style="list-style-type: none"> <li>• to the Board – 0%</li> <li>• to senior management (including board and company secretary) – 25%</li> <li>• to the organisation as a whole (being the board, company secretary and Bolivia in-country manager) – 20%</li> </ul> |



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| <p>accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <ol style="list-style-type: none"> <li>1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ol> |            |                                                                   | <p>The Company recognises that diversity extends to matters of age, disability, ethnicity, marital/family status, religious/cultural background and sexual orientation. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool.</p>                                                                                                                                                                          |
| <p><b><u>Recommendation 1.6:</u></b><br/>A listed entity should:</p> <ol style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> </ol>                                                                                                                                                                                                                                                                                                             | <p>Yes</p> | <p>Board Performance Evaluation Procedure (Internal document)</p> | <p>It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company.</p> <p>During the financial year there were a number of board changes and a formal evaluation of the performance of the board and its members was not undertaken.</p> <p>As the Company progresses, a review of board performance will be undertaken at an appropriate time.</p> |



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| <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>However, a general review of the Board occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p><b>Recommendation 1.7:</b><br/>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>No</p>  | <p>N/A</p>                                              | <p>During the financial year there was no formal evaluation of individual senior executives as, other than directors, there are no senior executives appointed. Refer Recommendation 1.6 above.</p> <p>The board will establish a formal policy when appropriate.</p>                                                                                                                                                                                                                                                                                                                                              |
| <p><b>Principle 2: Structure the board to add value</b></p>                                                                                                                                                                                                                                                                                      |            |                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Recommendation 2.1</b><br/>The board of a listed entity should:</p> <p>a) have a nomination committee which:</p> <p>1) has at least three members, a majority of whom are independent directors; and</p> <p>2) is chaired by an independent director, and disclose:</p>                                                                    | <p>Yes</p> | <p>Nomination Committee Charter (Internal document)</p> | <p>The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.</p> <p>The Company does not have a separate Nomination Committee but the board as a whole employs the processes and procedures set out in the Nomination Committee Charter which is summarised below. However, during the year the board did not meet as the Nomination Committee.</p> <p>Should the Company circumstances change to warrant a separate Nomination Committee, one will be established.</p> |



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| <p>3) the charter of the committee;<br/> 4) the members of the committee; and<br/> 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<br/> 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.</p> |            |                                               | <p>The responsibilities of the Nomination Committee (or the board convening as the Nomination Committee) include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as directors for review by the Board. The Nomination Committee also oversees management succession plans including the Managing Director and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of directors. Matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all directors, who are experienced public company directors.</p> <p>In determining candidates for the Board, the Nomination Committee follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee is to 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, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.</p> |
| <p><u>Recommendation 2.2</u><br/> 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>Yes</p> | <p>Skills Matrix<br/> (Internal document)</p> | <p>The skill areas of the board are relevant to the current operations of the company and collectively include project management; mining; geology; engineering; CEO/CFO/COO experience; legal; corporate governance; risk management; strategy; accounting and finance; human resources, technology, marketing &amp; public relations; health &amp; safety; land access; traditional landholder negotiations; and community development.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |     |                                   | <p>The Company has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skills shortages.</p> <p>The Company will continue to reassess for any skills gaps on an ongoing basis and address them through the identification of suitable candidates and professional development.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><u>Recommendation 2.3</u><br/>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 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</p> <p>c) the length of service of each director.</p> | Yes | <p>Website:<br/>Board Charter</p> | <p>The Company has concluded that Dr Ellingford, Mr Clee and Mr Peebles are independent directors based on an assessment of the following criteria.</p> <p>The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. An Independent Director:</p> <ol style="list-style-type: none"> <li>1. is a Non-Executive Director, and;</li> <li>2. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;</li> <li>3. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;</li> <li>4. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;</li> <li>5. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;</li> <li>6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;</li> <li>7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;</li> <li>8. is free from any close family ties with any person who falls within the categories described above; and</li> <li>9. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.</li> </ol> |





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|                                                                                                                                                                                                                                                                                             |     |                                                                               | <p>Materiality for the purposes of points 1 to 9 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of Directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a Director would be considered material when assessing independence.</p> <p>The length of service of each board member is:</p> <ul style="list-style-type: none"> <li>- James Ellingford – since 8 November 2011</li> <li>- Peter Peebles – since 22 September 2011 until 18 May 2016 and since 22 August 2016</li> <li>- Terence Clee – since 12 August 2015</li> </ul>                       |
| <p><u>Recommendation 2.4</u><br/>A majority of the board of a listed entity should be independent directors.</p>                                                                                                                                                                            | Yes | N/A                                                                           | The Board has a majority of Directors who are independent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><u>Recommendation 2.5</u><br/>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.</p>                                                                                                | Yes | N/A                                                                           | Dr Ellingford is the Chairman of the Company. He is an independent director and not the CEO.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p><u>Recommendation 2.6</u><br/>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> | Yes | Director Induction Program & Ongoing Education Framework (Internal documents) | <p>It is the policy of the Company that each new Director undergoes an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations and relevant health and safety information.</p> <p>Information conveyed to new Directors includes:</p> <ul style="list-style-type: none"> <li>• details of the roles and responsibilities of a Director;</li> <li>• formal policies on Director appointment as well as conduct and contribution expectations;</li> <li>• a copy of the Corporate Governance Statement, Charters, Policies and Memos and</li> <li>• a copy of the Constitution of the Company.</li> </ul> |



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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |     |                                     | In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. The Board has implemented an Ongoing Education Framework.                                                                                                                                                                                                                                                                                    |
| <b>Principle 3: Act ethically and responsibly</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |     |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <u>Recommendation 3.1</u><br>A listed entity should: <ol style="list-style-type: none"> <li>a) have a code of conduct for its directors, senior executives and employees; and</li> <li>b) disclose that code or a summary of it.</li> </ol>                                                                                                                                                                                                                                                                             | Yes | Website:<br>Code of Conduct         | As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole.<br><br>A copy of the Code of Conduct is published on the Company website.                                                                       |
| <b>Principle 4: Safeguard integrity in corporate reporting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |     |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <u>Recommendation 4.1</u><br>The board of a listed entity should: (a) have an audit committee which: <ol style="list-style-type: none"> <li>1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, who is not the chair of the board, and disclose: <ol style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the relevant qualifications and</li> </ol> </li> </ol> | Yes | Website:<br>Audit Committee Charter | The Company does not have a separate Audit Committee but the board as a whole employs the processes and procedures set out in the Audit Committee Charter. The responsibilities of the Audit Committee (or the board convening as the Audit Committee) is published on the Company website.<br><br>However, during the year the board did not meet as the Audit Committee.<br><br>Should the Company circumstances change to warrant a separate Audit Committee, one will be established. |



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| <p>5) experience of the members of the committee; and</p> <p>6) 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</p> <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><u>Recommendation 4.2</u><br/>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</p>                                                                                                                                                                                                                                               | <p>Yes</p> | <p>Kept at registered office</p> | <p>A declaration is provided by the Managing Director and Company Secretary to the Board in accordance with section 295A of the Corporations Act.</p> |



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| 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. |     |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <u>Recommendation 4.3</u><br>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.                                                                                        | Yes | N/A                                          | In accordance with Section 250RA for the Corporations Act 2001, the external auditor is required to attend every AGM for the purpose of answering questions from security holders relevant to the audit.                                                                                                                                                                                                                                                                                                                      |
| <b>Principle 5: Make timely and balanced disclosure</b>                                                                                                                                                                                                                                       |     |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <u>Recommendation 5.1</u><br>A listed entity should:<br>a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>b) disclose that policy or a summary of it.                                                                         | Yes | Website:<br>Continuous Disclosure Policy     | The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.<br><br>In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.<br><br>A copy of the Company's Continuous Disclosure Policy is publish on the website. |
| <b>Principle 6: Respect the rights of security holders</b>                                                                                                                                                                                                                                    |     |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <u>Recommendation 6.1</u><br>A listed entity should provide information about itself and its governance to investors via its website.                                                                                                                                                         | Yes | Website:<br>Shareholder Communication Policy | The Company provides information on its website including director information, ASX announcements, project information, corporate governance policies and its constitution.<br><br>The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.                                                                                                                                                                                                                   |



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| <p><u>Recommendation 6.2</u><br/>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>                                                               | No  | N/A                                                | <p>Refer Recommendation 6.1.</p> <p>The Company communicates effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company.</p> <p>Should the future operations of the Company require a formal investor relations program, one will be established.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><u>Recommendation 6.3</u><br/>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>                                                 | Yes | Website:<br>Shareholder<br>Communication<br>Policy | <p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to making it easy for shareholders to participate in general meetings of the Company and ensuring the attendance of the external auditor at the annual general meeting to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.</p>                                                                                                                                                                                                                                                                                                                                                                      |
| <p><u>Recommendation 6.4</u><br/>A listed entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.</p>                               | Yes | Website:<br>Shareholder<br>Communication<br>Policy | <p>All new shareholders receive correspondence will allows they to elect to receive communications electronically. An election form is also sent to all shareholders periodically.</p> <p>Additionally, a shareholder can, at any time, contact the share registry to make this election.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Principle 7: Recognise and manage risk</b></p>                                                                                                                                                                                       |     |                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><u>Recommendation 7.1</u><br/>The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <p>1) has at least three members, a majority of whom are independent directors; and</p> | Yes | Website:<br>Risk Committee<br>Charter              | <p>The role of a Risk Committee is to help the board recognise and manage risk.</p> <p>The objectives of the Company's Risk Management Strategy are to identify risks to the Company; balance risk to reward; ensure regulatory compliance is achieved; and ensure senior executives, the Board and investors understand the risk profile of the Company.</p> <p>The Company does not have a separate Risk Committee but the board as a whole employs the processes and procedures set out in the Risk Committee Charter.</p> <p>During the year the board did not formally meet as the Risk Committee, however continually monitors risk through various arrangements including regular Board meetings; share price monitoring; market monitoring; and regular review of financial position and operations.</p> |



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| <p>2) is chaired by an independent director, and disclose:</p> <p>3) the charter of the committee;</p> <p>4) the members of the committee; and</p> <p>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</p> <p>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.</p> |           |            | <p>Should the Company circumstances change to warrant a separate Risk Committee, one will be established.</p> <p>The responsibilities of a Risk Committee (or the board convening as the Risk Committee) are set out in the Risk Committee Charter published on the Company website.</p> |
| <p><u>Recommendation 7.2</u><br/>The board or a committee of the board should:</p> <p>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p>                                                                                                                                                                                                                                                                                                                | <p>No</p> | <p>N/A</p> | <p>Given the limited operations of the Company during the year, the board has not undertaken a review of the risk management framework.</p>                                                                                                                                              |



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| <p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>                                                                                                                                                                                                                                                                                                |            |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><u>Recommendation 7.3</u><br/>A listed entity should disclose:<br/>a) if it has an internal audit function, how the function is structured and what role it performs; or<br/>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.</p> | <p>Yes</p> | <p>N/A</p> | <p>The Company does not have an internal audit function due to its size and limited current operations.</p> <p>Risks and internal controls are continuously monitored by all directors through numerous mechanisms such as weekly review of the cash and creditor position; and monthly board meetings.</p> <p>The Company has identified that at the completion of the proposed acquisition, the profile of the Company's risks will change and a complete review of risks will be undertaken including identification of any areas requiring improvement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><u>Recommendation 7.4</u><br/>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.</p>                                                                                                                                                          | <p>Yes</p> | <p>N/A</p> | <p>The Company does not have any material exposure to environmental sustainability risks but does have material exposure to economic and social sustainability risks.</p> <p><u>Economic Risk</u><br/>The Company however, continues to closely monitor its cash position and foreign currency exchange rates to early identify any economic risks that could arise.</p> <p><u>Environmental and social sustainability risks</u><br/>Gondwanaland's assets are subject to Bolivian environmental laws. These environmental laws are different to those generally applicable in Australia and are generally of a lower compliance and licensing level. Exploration and mining projects are expected to see a variety of environmental impacts. The Company intends to carry out its operations in compliance with all applicable environmental laws, in a responsible manner and to the highest standard possible. In the event that the Company does not operate in compliance with all applicable laws there is a</p> |



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|                                                                                                                                                                              |            |                                                    | <p>risk that projects could be forfeited.</p> <p>The Projects are located in an area of Bolivia with a strong local indigenous culture that is very different to anything in Australia. The Company needs to maintain its “Social Licence” to operate in Bolivia by appropriate dealings with local peoples and the maintaining and gradually increasing its social programmes in the areas of its projects.</p> <p>The Company does have exposure to sovereign risk with its projects being in Bolivia.</p> <p>The risks of operating in an overseas jurisdiction, in this instance Bolivia, include economic, social or political instability or change, changes of law affecting foreign ownership, government participation, potential nationalisation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.</p> <p>The Company and its advisers undertake all reasonable measures to manage the risks associated with mineral exploration and, production in Bolivia.</p> <p>The legal and governmental systems in Bolivia are based on Spanish law and systems. These are very different to the English common law and governmental systems that are applicable in Australia.</p> |
| <b>Principle 8: Remunerate fairly and responsibly</b>                                                                                                                        |            |                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><u>Recommendation 8.1</u><br/>The board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <p>1) has at least three members, a majority of</p> | <p>Yes</p> | <p>Website:<br/>Remuneration Committee Charter</p> | <p>The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate and transparent process for establishing remuneration levels and incentive policies for employees.</p> <p>The Company does not have a separate Remuneration Committee but the board as a whole employs the processes and procedures set out in the Remuneration Committee Charter which is summarised below. However, during the year the board did not meet as the Remuneration</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |





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| <p>whom are independent directors; and</p> <p>2) is chaired by an independent director, and disclose:</p> <p>3) the charter of the committee;</p> <p>4) the members of the committee; and</p> <p>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</p> <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>Committee.</p> <p>Should the Company circumstances change to warrant a separate Remuneration Committee, one will be established.</p> <p>The responsibilities of a Risk Committee (or the board convening as the Risk Committee) are set out in the Risk Committee Charter published on the Company website.</p> <p>Full details regarding the remuneration of Directors has been included in the Directors' Report of the 2017 Annual Report.</p> |
| <p><u>Recommendation 8.2</u><br/>A listed entity should separately disclose its policies and practices regarding the remuneration of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>N/A</p> | <p>N/A</p> | <p>Refer to the Remuneration Report section of the 2017 Annual Report.</p>                                                                                                                                                                                                                                                                                                                                                                           |



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| non-executive directors and the remuneration of executive directors and other senior executives.                                                                                                                                                                                                                                                               |     |     |                                                                |
| <u>Recommendation 8.3</u><br>A listed entity which has an equity-based remuneration scheme should:<br>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<br>b) disclose that policy or a summary of it. | N/A | N/A | The Company does not have an equity-based remuneration scheme. |