

## Corporate Governance Statement

Metal Bank Limited (“**Metal Bank**”), through its board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Metal Bank. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

### ASX Corporate Governance Principles and Recommendations

The Metal Bank board has set out in this Statement its report against the third edition of ASX Corporate Governance Council Principles and Recommendations (the “Principles”). This Corporate Governance Statement is dated and was approved by the board on 28 September 2018.

As Metal Bank currently has only a small market capitalisation and only three directors it is unable at this stage of its development to report full compliance with the Principles. Where its processes do not fit the Principles, the board believes that there are good reasons for the different approach being adopted. A summary of the areas of non-compliance and reasons are as follows:

- Recommendation 1.5: The Company has a policy in relation to gender diversity and equal opportunity, however, given the size of the company, with only two full time employees, the board has not set measurable objectives for achieving gender diversity.
- Recommendation 2.4: Metal Bank’s board is not comprised of a majority of independent directors. The board has determined that, consistent with the size of the Company and its strategy and activities, the board shall be comprised of three directors, two of whom are executive directors.

The eight Principles and the Company’s position in respect of each of them, are set out below:

#### Principle 1: Lay solid foundations for management and oversight

1.1 *A listed entity should disclose:*

- a) the respective roles and responsibilities of the board and management; and*
- b) those matters expressly reserved to the board and those delegated to management.*

The respective roles and responsibilities of Metal Bank’s Board and management and those matters expressly reserved to the board and those delegated to management are set out in detail in the Metal Bank Board Charter, a copy of which is included on the Corporate Governance page of the Company’s website [www.metalbank.com.au](http://www.metalbank.com.au).

The board's role is to govern the Company in the best interests of the shareholders as a whole, including setting the Company's strategy, promoting and protecting the Company's interests and overseeing the management of the Company.

The board is responsible for:

- Overseeing, approving and monitoring the Company's strategic and operating objectives, acquisitions and divestments;
- Reviewing and approving the Company's systems of risk management and internal compliance and control, including the integrity of the Company's accounting and corporate reporting systems, and monitoring the performance of the Company in these areas;
- Approving and monitoring annual budgets, major capital expenditure and capital management;
- Approving and adopting documents required by laws or external regulation, including annual and financial reports and statements to shareholders;
- Monitoring the operational and financial position and performance of the Company;
- Appointment and removal of a CEO and/or managing director, executive directors and the Company Secretary, evaluation their performance and approving the terms and conditions of employment including remuneration;
- Delegating authority to the executive directors to ensure the effective day-to-day management of the business of the Company and monitoring the exercise of such delegated authority;
- Ratifying the appointment and removal of senior executive positions reporting to the managing or executive directors and determining whether the terms and conditions (including remuneration) are appropriate,
- Ensuring that policies and procedures are in place consistent with the Company's objectives, corporate governance standards and relevant laws and monitoring compliance in these areas; and
- Ensuring corporate accountability to the shareholders through an effective shareholder communications strategy.

The Metal Bank board consists of two executive directors, the Chief Financial Officer with responsibilities for finance and accounting and the Managing Director.

An executive director's primary objective is to ensure the ongoing success of the Company through being responsible for those aspects of the management and development of the Company delegated to the executive director by the Board in accordance with his or her terms of engagement.

Duties of executive directors include to:

- devote the whole of his or her time, attention and skill during normal business hours and at other times as reasonably necessary, to the duties of the office;
- develop with the Board the ongoing corporate strategy; implementing and monitoring strategy and reporting to the Board on current and future initiatives;
- be accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
- promote the interests of the Company;
- advise the Board regarding the most effective organisational structure and oversee its implementation;
- assess business opportunities of potential benefit to the Company;
- recommend policies to the Board in relation to a range of organisational issues including delegations of authority;
- ensure statutory, legal and regulatory compliance and comply with corporate policies and standards; and
- Ensure appropriate risk management practices and policies are in place.

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.*

The board of Metal Bank has determined that it will ensure appropriate checks are undertaken prior to appointing a person, or putting a person forward to shareholders as a candidate for election as a director. These will include checks as to the person's character, experience, education, criminal record and bankruptcy history, where required.

Information about a candidate standing for election or re-election as a director will be provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate. This information may include:

- biographical details, including relevant qualifications, experience and skills;
- details of other material directorships;
- a statement regarding whether the director qualifies as independent;
- any material adverse information or potential conflicts of interest, position or association;
- the term of office currently served (for directors standing for re-election); and
- a statement whether the board supports the election or re-election of the candidate.

1.3 *A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

All directors and senior executives of Metal Bank have a written agreement with the Company setting out the terms of their appointment.

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.*

The Company Secretary of Metal Bank is accountable to the board on all governance matters and reports directly to the Chair as the representative of the board.

The Company Secretary is appointed and dismissed by the board.

The Company Secretary's advice and services are available to all directors.

1.5 *A listed entity should:*

- a) *have a diversity policy which includes requirement for the board:*
  - (i) *to set measurable objectives for achieving gender diversity; and*
  - (ii) *to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose at the end of each reporting period:*
  - (i) *the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and*
  - (ii) *either:*
    - A. *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 purpose); or*
    - B. *the entity's "Gender Equality Indicators" as defined in the Workplace Gender Equality Act 2012.*

As set out in its Code of Ethical Business Conduct, Metal Bank is committed to developing, maintaining and supporting a diverse workforce. The Company has adopted a Diversity and Equal Opportunity Policy in relation to gender diversity and equal opportunity, a copy of which is included on the Corporate Governance page of the Company's website [www.metalbank.com.au](http://www.metalbank.com.au).

Given the current small number of total employees of the Company, specific measurable objectives for achieving gender diversity have not yet been set by the board. The board will set such objectives at a time when the Company employs sufficient employees to enable relevant measurable gender diversity objectives to be achieved in conjunction with the Company's overall objectives.

The proportion of women on the board, women in senior executive positions and women employees in the whole organisation as at reporting date was as follows:

Gender	Board	Senior executive positions	Whole organisation
No of women	1	1	3
% women	33.3%	50%	50%

A “senior executive” is a member of the Company’s Key Management Personnel, as defined by the Corporations Act, excluding Non-executive directors (who are included in the “Board” statistics).

1.6 *A listed entity should:*

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board undertakes an annual performance evaluation of itself that:

- compares the performance of the Board with the requirements of its Charter; and
- effects any improvements to the Board Charter deemed necessary or desirable.

The performance evaluation is conducted in such manner as the Board deems appropriate. The Metal Bank board has conducted an evaluation of its role and the board’s charter during the reporting period ending 30 June 2018.

1.7 *A listed entity should:*

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The performance of all senior executives is reviewed at least once a year. The performance of the executive directors and other senior executives is reviewed by the Chair on an annual basis. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for the Company and their respective positions.

## **Principle 2: Structure the board to add value**

2.1 *The board of a listed entity should:*

- a) *have a nomination committee 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 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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.*

Due to the current size of the Company and its board, the board has determined that the board as a whole will perform the tasks and functions generally assumed by a nomination committee. It employs the same processes that would otherwise be used by a nomination committee to address relevant issues. In particular, the board is responsible for:

- determining the size, composition and performance of the board;
- nomination, appointment and re-election of directors;
- succession planning generally; and
- induction, performance evaluation and remuneration of directors and senior executives.

The board periodically reviews its membership and composition to assess the overall mix of skills, knowledge, experience and backgrounds represented on the Board, including independence and diversity, to ensure it is able to discharge its duties and responsibilities effectively.

New directors are selected after consultation with all board members and their appointment voted on by the board. Each year, in addition to any board members appointed to fill casual vacancies during the year, one third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

2.2 *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 memberships.*

During the 2018 financial year, the Metal Bank board conducted a governance skills review regarding the skills, knowledge and experience of the current board. The skills matrix is set out in the table below.

<b>Officer</b>	<b>Skills and Experience</b>
Chair	executive leadership; independent & non executive directorship; strategy development and implementation; project acquisition and management; OHSE&C experience; nomination and remuneration committee; mining and exploration management; marketing and investor relations; global experience; financial literacy; capital markets experience; governance knowledge and competency; negotiation and transaction structuring skills
Managing Director	Technical expertise in the fields of project identification and acquisition, exploration, feasibility studies, management of exploration projects; capital markets experience, investor relationship experience; governance knowledge and competency; financial literacy.

Executive Director – Finance	Accounting and financial reporting; corporate finance and internal financial controls; financial analysis skills, compliance and governance knowledge and skills; independent directorship experience.
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2.3 *A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles 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*
- c) *the length of service of each director.*

Guy Robertson is an executive director and therefore not considered independent. He has served as a director since 17 September 2012.

Tony Schreck is an executive director and therefore not considered independent. He has served as a director since 29 November 2013.

The Chair, Inés Scotland is considered to be independent. She has served as a director since 12 August 2013.

Ms Scotland is associated with a substantial security holder of the entity, however, the association is as discretionary beneficiary. She is not a director or other officer of the substantial security holder and accordingly, the board is of the opinion that this association is not considered to compromise her independence. The board considers Ms Scotland is otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of her judgement, and that Ms Scotland is able to fulfil the role of independent director for the purposes of the ASX Recommendations.

2.4 *A majority of the board of a listed entity should be independent directors.*

The board recognizes that best practice is to have a majority of non-executive directors who are judged by the board to be independent of judgement and character and free of material relationships with the Company and other entities and people that might influence or would be perceived by shareholders to influence such judgement. However, the board has determined that, consistent with the size of the Company and its strategy and activities, the board shall be comprised of three directors, two of whom are executive directors.

The board will review membership and composition of the board periodically with a view to progressively increasing the independent directors on the board as the Company grows.

2.5 *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.*

As noted above regarding Recommendation 2.3, the Chair, Inés Scotland is considered to be independent.

- 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.*

Metal Bank Limited has a program for induction of new directors. Directors are active in undertaking professional development opportunities for the purpose of development and maintenance of their skills. Such activities are reported as part of the board's governance skills review, which also assists in identifying areas requiring further development.

### **Principle 3: Act ethically and responsibly**

- 3.1 *A listed entity should:*
- a) *have a code of conduct for its directors, senior executives and employees; and*
  - b) *disclose that code or a summary of it.*

Metal Bank has a Code of Ethical Business Conduct which applies to its directors, senior executive and employees, a copy of which is available on the Governance page of the Company's website: [www.metalbank.com.au](http://www.metalbank.com.au).

### **Principle 4: Safeguard integrity in financial reporting**

- 4.1 *the board of a listed entity should:*
- a) *have an audit committee which;*
    - (i) *has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
    - (ii) *is chaired by an independent director, who is not the chair of the board, and disclose:*
      - (iii) *the charter of the committee;*
      - (iv) *the relevant qualifications and experience of the members 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 members at those meetings; or*
  - 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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The board has determined that while it is comprised of only three members the board as a whole will perform the tasks and functions generally assumed by an audit committee.

In particular, the board is responsible for:

- The Company's financial statements and the adequacy of the Company's corporate reporting processes;

- The appointment, removal, rotation of the external auditor and the rotation of the audit engagement partner;
- The scope and adequacy of the external audit; and
- The independence and performance of the external auditor, including provision of non-audit services.

The board has approved a Financial Controls Procedure and reviews the financial procedures and controls adopted by the Company at least annually. The board meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

The board is responsible for overseeing the Company's relationship with the auditors and for determining and ensuring the independence of the auditors. The board has adopted an External Auditors Policy, a copy of which is available on the Governance page Company's website. Rotation of the lead partner involved in the external audit of the Company is required every 5 years.

*4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, received 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.*

Declarations regarding the financial statements are received from the two executive directors who perform functions usually undertaken by a CEO or CFO. The board received such declarations for the quarterly, half year and annual reports for 2018.

*4.3 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.*

Metal Bank's auditor attends the Company's AGM in person and is available to answer questions from security holders relevant to the audit.

#### **Principle 5: Make timely and balanced disclosure**

- 5.1 a listed entity should:*
- 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.*

Metal Bank recognises that timely and balanced disclosure of all material information concerning the Company must be made on a continuous basis so as to ensure that the market is informed of all material events and developments as they arise. Metal Bank's Continuous Disclosure Policy is available on the Governance page of the Company's website: [www.metalbank.com.au](http://www.metalbank.com.au).

## **Principle 6: Respect the rights of security holders**

6.1 *A listed entity should provide information about itself and its governance to investors via its website.*

Metal Bank's website includes a Governance page, which includes a copy of this Corporate Governance Statement and various governance policies.

6.2 *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Company's Shareholder Communication Policy, which is available on the Governance page of its website, summarises the Company's communication program, including regular reporting, email alerts, active participation at the Company's AGM and encouragement of shareholder communications.

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.*

Notices of the Annual General Meeting, together with accompanying information such as the explanatory memorandum, are sent to shareholders, either by mail or email, depending on the shareholder's election, and are also placed on the Company's website. Shareholders are encouraged to attend the Annual General Meeting and to ask questions.

6.4 *A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.*

The Company provides an email alert service. Shareholders are encouraged to register for this service through the Company's website and once registered will receive information by email, including ASX releases, annual and other reports, company presentations and notices of general meetings.

Shareholders may also elect to receive communications from the Company's share Registrar, Advanced Share Registry, by email.

## **Principle 7: Recognise and manage risk**

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.*

The board has determined that while it is comprised of only three members the board as a whole will perform the tasks and functions generally assumed by a risk committee.

The Company has established policies for the oversight and management of material business risks. The Company's Risk Management Policy is available on the Governance page of its website: [www.metalbank.com.au](http://www.metalbank.com.au). This document sets out the Company's policy and processes for risk management and the roles and responsibilities of the board, executives and employees.

Metal Bank has incorporated risk management into its decision making and business planning processes so that risks are identified, analysed, ranked and appropriate risk controls and risk management plans are put into place to manage and reduce the identified risks, with all identified risks entered into a Risk Register.

The risk identification and management system, including the Risk Register, is reviewed annually by senior management and the board and policies and practices upgraded where issues are identified that require attention. Reviews of specific items are undertaken by senior management where issues are identified and immediate action is required.

Risk is a standing item on the agenda of board meetings, for reporting against identified material business risks.

**7.2** *The board or a committee of the board should:*

- a) *review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and*
- b) *disclose in relation to each reporting period, whether such a review has taken place.*

Metal Bank's risk policy and risk register is reviewed by the Board of Directors annually to coincide with the preparation and lodgement of the Company's Annual Report. A review was undertaken in the financial year ending 30 June 2018.

**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.*

The board has determined that, consistent with the size of the Company and its activities, an internal audit function is not currently appropriate. As noted regarding recommendations 7.1 and 7.2 above and regarding Principle 4 above, the board has adopted a Risk Management Policy and processes

appropriate to the size of Metal Bank to manage the company's material business risks and to ensure regular reporting to the board on whether those risks are being managed effectively in accordance with the controls that are in place.

*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.*

The board has reviewed the Company's exposure to economic, environmental and social sustainability risks and determined that, the material business risks faced by the Company that are likely to have an effect on the financial prospects of the Company, and how the Company manages these risks, are:

- **Future Capital Needs** – the Company does not currently generate cash from its operations. The Company will require further funding in order to meet its corporate expenses, continue its exploration activities and complete studies necessary to assess the economic viability of its projects. The Company's financial position is monitored on a regular basis and processes put into place to ensure that fund raising activities will be conducted in a timely manner to ensure the Company has sufficient funds to conduct its activities.
- **Exploration and Developments Risks** – the business of exploration for gold and other minerals and their development involves a significant degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. To prosper, the Company depends on factors that include successful exploration and the establishment of resources and reserves within the meaning of the 2012 JORC Code. The Company may fail to discover mineral resources on its projects and once determined, there is a risk that the Company's mineral deposits may not be economically viable. The Company employs geologists and other technical specialists, and engages external consultants where appropriate to address this risk.
- **Commodity Price Risk** – as a Company which is focused on the exploration of gold and base and precious metals, it is exposed to movements in the price of these commodities. The Company monitors historical and forecast price information from a range of sources in order to inform its planning and decision making.
- **Title and permit risks** - each permit or licence under which exploration activities can be undertaken is issued for a specific term and carries with it work commitments and reporting obligations, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interests in, one or more of its tenements if conditions are not met or if sufficient funds are not available to meet work commitments. Any failure to comply with the work commitments or other conditions on which a permit or tenement is held exposes the permit or tenement to forfeiture or may result in it not being renewed as and when renewal is sought. The Company monitors compliance with its commitments and reporting obligations using internal and external resources to mitigate this risk.

## **Principle 8: Remunerate fairly and responsibly**

8.1 *The board of a listed entity should:*

- a) *have a remuneration committee 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 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.*

The board has determined that while it is comprised of only three members and given the Company has only two full time employees, the board as a whole will perform the tasks and functions generally assumed by a remuneration committee. The board determines, on a case by case basis, the terms and conditions of employment of company executives and consultants, including remuneration. Remuneration for senior executives is determined and reviewed by reference to the Company's performance, the individual's performance, as well as comparable information from listed companies in similar industries to ensure base remuneration is set to reflect the market for a comparable role.

8.2 *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.*

The remuneration details of non-executive directors, executive directors and senior management for the year ended 30 June 2018 are set out in the Remuneration Report that forms part of the Directors' report in the Company's Annual Report.

The performance of the managing director and senior executives is measured against criteria agreed annually and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and/or options.

8.3 *A listed entity which has an equity-based remuneration scheme should:*

- 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*
- b) *disclose that policy or a summary of it.*

The Company's Security Trading Policy, a copy of which is available on the Governance page of the Company's website [www.metalbank.com.au](http://www.metalbank.com.au), sets out restrictions on participation by directors, officers and staff in hedging arrangements over the Company's securities issued pursuant to any share scheme, performance right's plan or option plan.

In particular:

- Staff are prohibited from in hedging arrangements over unvested securities; and
- Vested securities may only be hedged once they are exercised into shareholdings and only under the following conditions:
  - the details of the hedge are fully disclosed to the Chair and the Company Secretary (and to ASX and in the Annual Report, as appropriate);
  - the hedge transaction is treated as a dealing in securities and the restrictions and requirements of the Securities Trading Policy are satisfied; and
  - all holding locks have been removed from the relevant securities.

**Approved by the Board**

**28 September 2018**