

## Vital Metals Limited - Corporate Governance Statement

ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 3<sup>rd</sup> edition*  
For the year ended 30 June 2019 and approved by the Board

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The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments.

A full copy of the Company's corporate governance charter and associated policies, protocols and related instruments is available on the Company's website under its "Corporate Governance" heading – <https://www.vitalmetals.com.au/corporate/corporate-governance/>

The Company intends to follow the ASX CGC P&R in all respects other than as specifically provided below.

In particular, each of the recommendations of the ASX CGC P&R which will not be followed by the Company and the reasons why they respectively will not be followed, are set out below. The Company does not have an independent director. When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

Recommendation	Current Practice
1.1 A listed entity should disclose: a. The respective roles and responsibilities of its board and management; and b. Those matters expressly reserved to the board and those delegated to management.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established.
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	Satisfied. Appropriate checks have been undertaken.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Satisfied. Agreements are in place.
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 proper functioning of the board.	Satisfied. This practice is in place.

1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a. Have a diversity policy;</li> <li>b. Disclose that policy or a summary of it;</li> <li>c. Disclose the measurable objectives for achieving gender diversity and the its progress towards achieving them; and</li> <li>d. The respective proportions of men and women.</li> </ul>	<p>Satisfied.</p> <p>Satisfied, see corporate governance section of website.</p> <p>To drive diversity and inclusion within the Company, the Board has set the following objectives: To increase the percentage of women in the business and more specifically, in leadership roles, and actively promote a culture that values diversity, inclusion and flexibility. No Board members are women.</p>
1.6	<p>A listed entity should:</p> <ul 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> <li>b. Disclose whether performance evaluations were undertaken.</li> </ul>	<p>Satisfied, see process in corporate governance policies.</p> <p>Not satisfied. No evaluations have been undertaken in the reporting period.</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a. Have and disclose a process for periodically evaluating the performance of senior management; and</li> <li>b. Disclose whether performance evaluations were undertaken.</li> </ul>	<p>Satisfied, see process in corporate governance policies.</p> <p>Not satisfied. No evaluations have been undertaken in the reporting period.</p>
2.1	<p>A listed entity should have a nomination committee which:</p> <ul style="list-style-type: none"> <li>- Consists of at least 3 members, a majority of whom are independent directors;</li> <li>- Is chaired by an independent director;</li> </ul> <p>And disclose:</p> <ul style="list-style-type: none"> <li>- The charter of the committee;</li> <li>- The members of the committee</li> <li>- The number of times the committee met and individual attendance at those meetings</li> </ul>	<p>Not satisfied</p> <p>The board has not established a nomination committee as the role of the committee is undertaken by the full board.</p> <p>The Company's Nomination Committee Charter is available in the corporate government policies disclosed on the website.</p>
	<p>If it does not have a nomination committee disclose that fact and the process it follows to address that role.</p>	

2.2 A listed entity should have and disclose a board skills matrix.	<table border="1"> <thead> <tr> <th data-bbox="643 153 873 212">✓</th> <th data-bbox="873 153 984 212">Francis Harper</th> <th data-bbox="984 153 1123 212">Phil Coulson</th> <th data-bbox="1123 153 1295 212">Zane Lewis</th> </tr> </thead> <tbody> <tr> <td data-bbox="643 212 873 275">operational management</td> <td data-bbox="873 212 984 275">-</td> <td data-bbox="984 212 1123 275">-</td> <td data-bbox="1123 212 1295 275">✓</td> </tr> <tr> <td data-bbox="643 275 873 317">corporate law</td> <td data-bbox="873 275 984 317">✓</td> <td data-bbox="984 275 1123 317">-</td> <td data-bbox="1123 275 1295 317">✓</td> </tr> <tr> <td data-bbox="643 317 873 380">Exploration and geology</td> <td data-bbox="873 317 984 380">-</td> <td data-bbox="984 317 1123 380">-</td> <td data-bbox="1123 317 1295 380">-</td> </tr> <tr> <td data-bbox="643 380 873 422">Listed Companies</td> <td data-bbox="873 380 984 422">✓</td> <td data-bbox="984 380 1123 422">✓</td> <td data-bbox="1123 380 1295 422">✓</td> </tr> <tr> <td data-bbox="643 422 873 464">accounting &amp; finance</td> <td data-bbox="873 422 984 464">✓</td> <td data-bbox="984 422 1123 464">✓</td> <td data-bbox="1123 422 1295 464">✓</td> </tr> <tr> <td data-bbox="643 464 873 485">equity markets</td> <td data-bbox="873 464 984 485">✓</td> <td data-bbox="984 464 1123 485">✓</td> <td data-bbox="1123 464 1295 485">✓</td> </tr> </tbody> </table>	✓	Francis Harper	Phil Coulson	Zane Lewis	operational management	-	-	✓	corporate law	✓	-	✓	Exploration and geology	-	-	-	Listed Companies	✓	✓	✓	accounting & finance	✓	✓	✓	equity markets	✓	✓	✓
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equity markets	✓	✓	✓																										
2.3 A listed entity should disclose: - The names of the directors considered by the board to be independent directors and length of service. - If a director has an interest / association / relationship that meets the factors of assessing independence.	<p>Satisfied. the Company does not have any independent directors as defined in ASX guidelines.</p> <p>Francis Harper: Appointed 15/5/2017 Phillip Coulson: Appointed 28/3/2019 Zane Lewis: Appointed 28/3/2019</p>																												
2.4 A majority of the board should be independent directors.	<p>Not satisfied. None of the directors are considered independent. However, all Directors bring to the Board the requisite skills which are complementary to those of the other directors to adequately discharge their responsibilities and bring independent judgements to bear on their decisions.</p>																												
2.5 The chair should be an independent director. The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	<p>Not Satisfied. Mr Francis Harper is not considered independent but does not act as the CEO of the Company.</p>																												
2.6 A listed entity should have a program for inducting new directors.	<p>The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.</p>																												
3.1 A listed entity should:  - have a code of conduct; and - disclose the code or a summary of it.	<p>Satisfied.</p> <p>The Code of Conduct is available on the Company's website in the Corporate Governance Section.</p>																												
4.1 The board of a listed entity should have an audit committee which: - Has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent chair, who is not chair of the board.	<p>The Company does not currently have an Audit Committee. The Company's Corporate Governance Plan contains an Audit Committee Charter that provides for the creation of an Audit Committee (if it is considered it will benefit the Company).</p> <p>The Board carries out the duties that would ordinarily be carried out by the Audit Committee under the Audit Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment</p>																												

	<p>Disclose:</p> <ul style="list-style-type: none"> <li>- The charter of the committee;</li> <li>- The relevant member qualifications;</li> <li>- The number of times the committee met and individual attendance at those meetings</li> </ul>	<p>and removal of the external auditor and the rotation of the audit engagement partner:</p> <ul style="list-style-type: none"> <li>• the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</li> <li>• all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</li> </ul> <p>The Audit Committee Charter is available on the Company's website in the Corporate Governance Section.</p>
4.2	The board should receive declarations for CEO & CFO in accordance with S.295A of corporations act before approving financial statements.	Satisfied.
4.3	A listed entity should ensure its external auditor attends its AGM.	Satisfied.
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>- Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>- disclosure that policy or a summary of it.</li> </ul>	<p>Satisfied.</p> <p>Continuous Disclosure Policy is available on the Company's website in the Corporate Governance Section.</p>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>Satisfied.</p> <p>See the Company's website including the Corporate Governance Section.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Satisfied. See the Company's website in the Corporate Governance Section.
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.	Satisfied. See communication policy on the Company's website in the Corporate Governance Section.
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.	Satisfied. See welcome pack to investors.

<p>7.1 The board of a listed entity should have a committee to oversee risk, which:</p> <ul style="list-style-type: none"> <li>- Has at least three members all of whom are non-executive directors and a majority of independent directors; and</li> <li>- Is chaired by an independent chair, who is not chair of the board.</li> </ul> <p>Disclose:</p> <ul style="list-style-type: none"> <li>- The charter of the committee;</li> <li>- The members of the committee; and</li> <li>- The number of times the committee met and individual attendance at those meetings</li> </ul> <p>If it does not have a risk committee disclose that fact and the process it follows to address that role.</p>	<p>The board has not established a risk committee as the role of the committee is undertaken by the full board.</p> <p>The Company has established policies for the oversight and management of material business risks.</p> <p>The Company's Risk Management Policy is available on the Company's website in the Corporate Governance Section.</p>
<p>7.2 The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>- Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>- Disclose whether such a review has taken place.</li> </ul>	<p>Not satisfied. To be undertaken in future periods.</p>
<p>7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>- If has an internal audit function, how the function is structured and what role it performs;</li> <li>- If it does not have an internal audit function, disclose that fact and the process it follows to address that function.</li> </ul>	<p>The entity does not have an internal audit function. The function is undertaken by the Board.</p>
<p>7.4 The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages those risks.</p>	<p>The entity does not have material exposure in these areas. The risks relevant to the entity are disclosed on the Company's website in the Corporate Governance Section.</p>

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8.1	The board of a listed entity should: <ul style="list-style-type: none"><li>- have a remuneration committee which has at least three members all of whom are non-executive directors and a majority of independent directors; and</li><li>- Is chaired by an independent director; and</li></ul> Disclose: <ul style="list-style-type: none"><li>- The charter of the committee;</li><li>- The members of the committee; and</li><li>- The number of times the committee met and individual attendance at those meetings</li></ul> If it does not have a remuneration committee disclose that fact and the process it follows to address that role.	Not Satisfied.  The board has not established a remuneration committee as the role of the committee is undertaken by the full board.  The Remuneration Committee Charter is available on the Company's website in the Corporate Governance Section.
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8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied.  The structure of Directors' remuneration is disclosed in the remuneration report section of the annual report.
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8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"><li>- Have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme;</li><li>- Disclose that policy or a summary of it.</li></ul>	The Company does not have an equity-based remuneration scheme.
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Further information about the Company's corporate governance practices is set out on the Company's website at <http://vitalmetals.com.au>