



# Middle Island

RESOURCES LIMITED

## **CORPORATE GOVERNANCE STATEMENT 2019**

The Board of Middle Island Resources Limited (“Board”) is committed to ensuring that the Company’s obligations and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The directors of the Company (“Directors”, being either “Non-Executive Directors” or Executive Directors”) undertake to perform their duties with honesty, integrity, care and due diligence, to act in good faith in the best interests of the Company in a manner that reflects the highest standards of corporate governance.

The Company’s Board is committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001 (Cth), ASX Listing Rules, Company Constitution and other applicable laws and regulations.

### ***Corporate Governance Compliance***

The Company has followed the 3<sup>rd</sup> edition of the ASX Corporate Governance Council’s Principles and Recommendations (“Principles and Recommendations”) where the Board has considered the recommendations to be an appropriate benchmark for its corporate governance practices.

Where, after due consideration, the Company’s corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for adoption of its own practice, in compliance with the “if not, why not” regime.

This statement was approved by the Board on 23 October 2019.



## CORPORATE GOVERNANCE STATEMENT 2019 (CONT'D)

Principle	ASX Recommendation	Conform (Y/N)	Disclosure
<b>Principle 1:</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	A listed entity should disclose: a) The respective roles and responsibilities of its board and managements; and b) Those matters expressly reserved to the board and those delegated to management.	Y	The Board Charter details the functions and responsibilities of the Board and management, including matters reserved for the Board. The Board Charter is included in the Corporate Governance & Policies Manual on the Company's website.
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.	Y	<p>The full Board undertakes the duties that fall to the nomination committee under the Company's Nomination Committee Charter, which is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The role of the Nomination Committee is to identify and recommend candidates to fill casual vacancies and to determine the appropriateness of director nominees for election to the Board. The Nomination Committee Charter requires the Board to make appropriate background checks prior to recommending a candidate for election or re-election as a director. The Board must identify and recommend candidates only after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after an assessment of how the candidate can contribute to the strategic direction of the Company.</p> <p>All material information relevant to whether or not to elect or re-elect a director is provided to the Company's shareholders as part of the Notice of Meeting and explanatory memorandum for the relevant meeting of shareholders which addresses the election or re-election of a director.</p>
1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Y	<p>The Remuneration Committee Charter, which is included in the Corporate Governance &amp; Policies Manual on the Company's website, requires the Company to have a written agreement with each Director and senior executive setting out the terms of their engagement.</p> <p>Each Non-Executive Director has signed a letter of appointment. Each Executive Director has signed an executive service agreement.</p>



Principle	ASX Recommendation	Conform (Y/N)	Disclosure
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.	Y	The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary has primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.  Details are contained in Clause 4 of the Board Charter which is included in the Corporate Governance & Policies Manual on the Company's website.
1.5	A listed entity should: 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; b) Disclose the policy or summary of it; and c) Disclose 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 accordance with the entity's diversity policy and its progress towards achieving them, and either: 1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity defined "senior executive" for these purposes); or 2) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under that Act.	N	The Company has adopted a Diversity Policy which is included in the Corporate Governance & Policies Manual on the Company's website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. The Company does not think that it is appropriate to state measurable objectives for achieving gender diversity due to its size and stage of development.  The proportion of women employees in the whole organisation is 50% (excluding directors).  There are currently no women in senior executive positions or on the Board.
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.	Y	The Board Charter, which is included in the Corporate Governance & Policies Manual on the Company's website, details the process for evaluating the Board, its Committees and individual Directors. The assessment process which may be used by the Board is that each director completes a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. An independent third party consultant may be used to facilitate the assessment.  A Board performance review was not undertaken in FY 2019.



Principle	ASX Recommendation	Conform (Y/N)	Disclosure
1.7	<p>A listed entity should:</p> <p>a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Y</p> <p>Y</p>	<p>Employee numbers during the FY 2019 were limited to less than 5 and at most times during the year were 3 (including the Managing Director). Given the limited employee numbers performance evaluation is a process undertaken informally on a daily basis. Staff matters (including performance) are discussed at each board meeting and included in the MD's regular Operation Reports distributed to all Board members.</p>
<b>Principle 2:</b>	<b>Structure the board to add value</b>		
2.1	<p>The board of a listed entity should:</p> <p>a) Have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1) Has at least three members, a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3) The charter of the committee;</li> <li>4) The members of the committee; and</li> <li>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</li> </ol> <p>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>N</p> <p>N</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>The nomination committee is comprised of the full board plus Mr Linton Kirk (Project Manager). Mr Thomas is the chair of the nomination committee.</p> <p>The composition of the Committee is considered to be appropriate given the Company's size and stage of development. The Nomination Committee structure will be reviewed as the Company develops.</p> <p>The Nomination Committee Charter is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The full board dealt with nomination matters in the course of attending meetings of directors.</p>



Principle	ASX Recommendation	Conform (Y/N)	Disclosure																
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 membership.	Y	Collectively, the Board has an extensive range of commercial skills and other relevant experience which are vital for the effective management of the business. Board members, including some who are also directors of other ASX-listed companies, together have a combination of experience in the following business areas:  <table border="0"> <tr> <td>Commercial</td> <td>Business development</td> </tr> <tr> <td>Corporate Governance</td> <td>Risk management</td> </tr> <tr> <td>Legal</td> <td>Mineral exploration</td> </tr> <tr> <td>Investor relations</td> <td>Geographic experience – West Africa</td> </tr> <tr> <td>Capital raising</td> <td>Mineral development – gold</td> </tr> <tr> <td>Corporate strategy</td> <td>Mining Operations</td> </tr> <tr> <td>Leadership</td> <td>Accounting</td> </tr> </table>	Commercial	Business development	Corporate Governance	Risk management	Legal	Mineral exploration	Investor relations	Geographic experience – West Africa	Capital raising	Mineral development – gold	Corporate strategy	Mining Operations	Leadership	Accounting		
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2.3	A listed entity should disclose: a) The names of the directors considered by the board to be independent; b) If a director has an interest, position, association or relationship of the type described in Box 2.3 (Factors relevant to addressing the independence of a director) 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.	Y	As at 30 June 2019 the Board consisted of: <table border="1"> <thead> <tr> <th>Name</th> <th>Role</th> <th>Independent</th> <th>Date appointed</th> </tr> </thead> <tbody> <tr> <td>Peter Thomas</td> <td>Non-Executive Chairman</td> <td>Yes</td> <td>March 2010</td> </tr> <tr> <td>Richard Yeates</td> <td>Managing Director</td> <td>No</td> <td>March 2010</td> </tr> <tr> <td>Beau Nicholls</td> <td>Non-Executive Director</td> <td>Yes</td> <td>April 2010</td> </tr> </tbody> </table>	Name	Role	Independent	Date appointed	Peter Thomas	Non-Executive Chairman	Yes	March 2010	Richard Yeates	Managing Director	No	March 2010	Beau Nicholls	Non-Executive Director	Yes	April 2010
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Peter Thomas	Non-Executive Chairman	Yes	March 2010																
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2.4	A majority of the board of a listed entity should be independent.	Y	Refer 2.3.																
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.	Y	Peter Thomas, who was appointed as Chairman in March 2010, is an independent Non-Executive Director. He does not perform the role of CEO of the Company (which position is currently held by Richard Yeates).																



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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.	Y	Induction and professional development form part of the responsibilities of the full board as part of the role as carrying out the nomination committee duties and as noted in the Nomination Committee Charter, which is included in the Corporate Governance & Policies Manual on the Company's website. Induction documents are provided with a written engagement letter and the Company Secretary is available to assist with the process of new Directors familiarising themselves with the Company. Professional development requirements are addressed as circumstances require.
<b>Principle 3:</b>	<b>Act ethically and responsibly</b>		
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.	Y	The Company has formulated a general Code of Conduct and a Code of Conduct for Directors and Executives which all employees and directors are expected, at a minimum, to follow. The Codes are included in the Corporate Governance & Policies Manual on the Company's website.



Principle	ASX Recommendation	Conform (Y/N)	Disclosure
<b>Principle 4:</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	<p>The board of a listed entity should:</p> <p>a) Have an audit committee which:</p> <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,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3) The charter of the committee;</li> <li>4) The relevant qualifications and experience of the members of the committee; and</li> <li>5) 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</li> </ol> <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>N</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>For the year ended 30 June 2019 the Audit Committee consisted of Peter Thomas (Chairman), Beau Nicholls (Non-Executive Director) and Dennis Wilkins (Company Secretary). Mr Wilkins, Company Secretary, is chair of the Audit Committee. The composition of the Committee is considered to be appropriate given the Company's size and stage of development. The audit committee composition will be reviewed as the Company develops.</p> <p>The Audit Committee Charter is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The qualifications, experience and attendance of the members of the Audit Committee are disclosed in the Company's Directors' Report (contained in the 2019 Annual Report).</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Y	<p>Under the Company's Risk Management Policy, which is included in the Corporate Governance &amp; Policies Manual on the Company's website, the CEO and CFO will provide a written declaration of assurance that in their opinion, the financial records of the Company for the relevant reporting period have been properly maintained, comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>



Principle	ASX Recommendation	Conform (Y/N)	Disclosure
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.	Y	The Company takes all reasonable steps to ensure the external auditor is represented at each annual general meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.
<b>Principle 5:</b>	<b>Make timely and balanced disclosure</b>		
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.	Y	The Company has adopted a Continuous Disclosure Policy, which is included in the Corporate Governance & Policies Manual on the Company's website. The Policy is designed to guide compliance with ASX Listing Rules disclosure requirements, and to ensure all Directors, senior executives and employees of the Company understand their responsibilities under the Policy.
<b>Principle 6:</b>	<b>Respect the rights of shareholders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Y	The Company has a Shareholder Communication Policy, which is included in the Corporate Governance & Policies Manual on the Company's website.  The company website provides a platform to disclose official ASX releases of material information and periodic reports, press releases, notices and presentations as well as a mechanism for shareholders to contact the Company via email.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communications with investors.	Y	Refer 6.1.
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.	Y	The Company has a Shareholder Communication Policy, which is included in the Corporate Governance & Policies Manual on the Company's website. The Policy specifically encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals and outlines the various ways in which the Company communicates with shareholders.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Y	Shareholders can register with the Company's share registrar to receive email notifications of when an announcement is made by the Company to ASX, including the release of annual, half-yearly and quarterly reports. Further, the Company provides information through its website enabling security holders to email the Company. The share registrar also provides the ability to email the share registrar and to receive documents by email from the share registrar.





Principle	ASX Recommendation	Conform (Y/N)	Disclosure
<b>Principle 7:</b>	<b>Recognise and manage risk</b>		
7.1	<p>The board of a listed entity should:</p> <p>a) Have committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>1) Has at least three members, a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3) The charter of the committee;</li> <li>4) The members of the committee; and</li> <li>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</li> </ol> <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>N</p> <p>N</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>The risk committee is comprised of the full board plus Mr Linton Kirk (Project Manager). Mr Thomas is the chair of the risk committee.</p> <p>The composition of the Committee is considered to be appropriate given the Company's size and stage of development. The Risk Committee structure will be reviewed as the Company develops.</p> <p>The Risk Committee Charter is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The full board dealt with risk matters in the course of attending meetings of directors.</p>
7.2	<p>The board or a committee of the board should:</p> <ol style="list-style-type: none"> <li>a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>b) Disclose, in relation to each reporting period, whether such a review has taken place.</li> </ol>	N	<p>The Board determines the Company's 'risk profile' and is responsible for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control.</p> <p>The Board has not formally reviewed the Company's risk profile during the 2019 financial year. However, this issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors.</p>
7.3	<p>A listed entity should disclose:</p> <ol style="list-style-type: none"> <li>a) If it has an internal audit function, how the function is structured and what role it performs; or</li> <li>b) If it does not have an internal audit function, disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ol>	N	<p>The Company does not have an internal audit function.</p> <p>Under the Company's Risk Management Policy, the responsibility for undertaking and assessing risk management and internal control effectiveness is assumed by the full Board.</p>



Principle	ASX Recommendation	Conform (Y/N)	Disclosure
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.	Y	<p>The Company does not have any material exposure to these risks. As an exploration company rather than an economic producer there is no material exposure to economic sustainability risk.</p> <p>Whilst not materially exposed to environmental sustainability risk, the Company has an Environmental Policy, which is included in the Corporate Governance &amp; Policies Manual on the Company's website, designed to prevent and mitigate negative environmental impacts caused by exploration activities.</p> <p>Whilst not materially exposed to social sustainability risk, the Company has an Environmental Policy, which is included in the Corporate Governance &amp; Policies Manual on the Company's website, designed to prevent or minimise adverse impacts of its operations on host communities.</p>
<b>Principle 8:</b>	<b>Remunerate fairly and responsibly</b>		
8.1	<p>The board of a listed entity should:</p> <p>a) Have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>1) Has at least three members, a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3) The charter of the committee;</li> <li>4) The members of the committee; and</li> <li>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</li> </ol> <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>N</p> <p>N</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>The remuneration committee is comprised of the full board plus Mr Linton Kirk (Project Manager). However, the composition of the Remuneration Committee can vary to accommodate the requirement that a director must not sit on the committee to consider that director's remuneration. Mr Thomas is the chair of the remuneration committee.</p> <p>The composition of the Committee is considered to be appropriate given the Company's size and stage of development. The Remuneration Committee structure will be reviewed as the Company develops.</p> <p>The Remuneration Committee Charter is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The full board dealt with remuneration matters in the course of attending meetings of directors.</p>
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.	Y	<p>Details of the Company's policies and practices regarding the remuneration of Directors and other senior management is set out in the Remuneration Report as disclosed in the Company's Directors' Report (contained in the 2019 Annual Report).</p>



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8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"><li>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</li><li>b) Disclose that policy or a summary of it.</li></ul>	Y	The Company's Securities Trading Policy specifically prevents employees engaging in margin lending or otherwise leveraging securities without the fully informed consent of the board.