

# **Arrow Minerals Limited**

**ACN 112 609 846**

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**CORPORATE GOVERNANCE STATEMENT**

**YEAR ENDED 30 JUNE 2020**

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## CORPORATE GOVERNANCE STATEMENT 2020

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The Board of Directors of Arrow Minerals Ltd (**Arrow Minerals** or the **Company**) is committed to maintaining a high standard of corporate governance in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) (**Recommendations**).

In accordance with ASX Listing Rule 4.10.3, this corporate governance report discloses the extent to which the Company has adopted the Recommendations. Arrow Minerals is pleased to advise that the Company's practices are largely consistent with the Recommendations, however, in areas where they do not comply, the Company is working towards compliance or does not consider that the practices are appropriate for the current size and scale of operations.

The current corporate governance policies are posted in a dedicated corporate governance information section of the Company's website at [www.arrowminerals.com.au](http://www.arrowminerals.com.au).

The following table sets out the Company's position with regards to adoption of the Recommendations for the year ended 30 June 2020.

# CORPORATE GOVERNANCE STATEMENT 2020

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

*A listed entity should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.*

Recommendation		Company's Report against Recommendation
1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<p>Information about the respective roles and responsibilities of the board and management (including those matters expressly reserved to the board and those delegated to management) is found under the Board Charter and within the Annual Report.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(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.</li> </ul>	<p>The appointment of directors is undertaken by the full Board working under the guidance of the Nomination Committee Charter.</p> <p>The function of the Nomination Committee is to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.</p> <p>As required under the ASX Listing rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.</p> <p>Given the size of the Company, the operation of the Nomination Committee is currently conducted by the full Board.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Letters of appointment for each director and senior executive have been executed by the Company.</p>
1.4	<p>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>	<p>This is stated in the Board Charter.</p>
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) disclose that policy or a summary of it; and</li> </ul>	<p>The Company has a Diversity policy which can be found on its website under the Corporate Governance section.</p> <p>The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. The Company's policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious</p>

## CORPORATE GOVERNANCE STATEMENT 2020

Recommendation		Company's Report against Recommendation
	<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 accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(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</p> <p>(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.</p>	<p>beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.</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. As at 30 June 2020, there were no female Board members and one female senior executive representing 50% of the executive team.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; 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>Process for Evaluating Board Performance is detailed in the Board Charter. The Board aims to review its performance and that of its committees and individual directors on an annual basis. Performance is reviewed against the Board Charter and any other Board responsibilities. Evaluation will have regard to, amongst other things, ensuring proper and effective management and performance of financial, operational and compliance indicators. An evaluation was conducted during the reporting period.</p>
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>The assessments of executive performance takes place annually and are conducted by the Chairman and reported to the Remuneration Committee for consideration as part of any salary reviews, which in turn is recommended to the Board. In the context of undertaking comprehensive reviews of remuneration practices of the Company, the historical performance of senior executives is taken into account against clear key performance indicators. No formal executive performance evaluations were conducted during the reporting period.</p>

### PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

*A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.*

Recommendation		Company's Report against Recommendation
2.1	<p>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,</p>	<p>The Company's Corporate Governance Plan includes a Nomination Committee Charter. The primary purpose of the Nomination Committee is to support and advise the Board in maintaining a Board with an appropriate mix of skills and experience and ensuring the Board is comprised of Directors who contribute to the successful management of the</p>

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	Recommendation	Company's Report against Recommendation																												
	<p>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 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>Company and discharge their duties having regard to the law and the highest standards of corporate governance.</p> <p>Given the size of the Company, the operation of the Nomination Committee is currently conducted by the full Board. When appropriate, external consultants are engaged to assist in the nomination process and to ensure a balance of skills, knowledge, experience, independence and diversity is achieved.</p>																												
2.2	<p>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>The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by directors having substantial skills and experience in operational management, exploration and geology, corporate law, finance, listed resource companies, equity markets.</p> <p>The Board Skills matrix for the Board of Directors in office as at 30 June 2020 is as follows:</p> <table border="1" data-bbox="1176 821 2020 1252"> <thead> <tr> <th></th> <th>Howard Golden</th> <th>Frazer Tabcart</th> <th>Thomas McKeith</th> </tr> </thead> <tbody> <tr> <td>operational management</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>exploration and geology</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>corporate law</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>accounting &amp; finance</td> <td>-</td> <td>✓</td> <td>-</td> </tr> <tr> <td>listed resource companies</td> <td>-</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>equity markets</td> <td>-</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>		Howard Golden	Frazer Tabcart	Thomas McKeith	operational management	✓	✓	✓	exploration and geology	✓	✓	✓	corporate law	-	-	-	accounting & finance	-	✓	-	listed resource companies	-	✓	✓	equity markets	-	✓	✓
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accounting & finance	-	✓	-																											
listed resource companies	-	✓	✓																											
equity markets	-	✓	✓																											
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p>	<p>Directors in office during the year ended 30 June 2020 are as follows:</p> <ul style="list-style-type: none"> <li>- Frazer Tabcart (Independent Non-Executive Chairman) appointed 1 September 2014.</li> <li>- Howard Golden (Managing Director) appointed 5 February 2020.</li> </ul>																												

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Recommendation		Company's Report against Recommendation
	<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>	<p>- Thomas McKeith (Non-Executive Director) appointed 26 August 2019.</p> <p>Mr Golden is not considered independent on the basis that he is engaged as an executive officer. Mr McKeith is not considered to be independent on the basis that he is a substantial shareholder of the Company.</p>
2.4	A majority of the Board of a listed entity should be independent directors.	<p>One out of three directors in office at 30 June 2020 is considered to be independent, and accordingly the majority of the Board are not independent.</p> <p>The Board believes that Mr Keith's experience and knowledge is complementary to the Board and commensurate to the needs of the Company.</p>
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.	Chairman of the Board Mr Frazer Tabart is considered an independent director.
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.	The Company provides induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

*A listed entity should act ethically and responsibly.*

Recommendation		Company's Report against Recommendation
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community

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## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

*A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.*

	Recommendation	Company's Report against Recommendation
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</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>The Company's Audit committee members as at 30 June 2020 comprised Mr Thomas McKeith, Mr Frazer Tabart and Ms Catherine Grant-Edwards. The committee is Chaired by Mr McKeith who is not considered to be an independent director, however is not the chair of the Board. The Company does not comply with this recommendation in full, however the members of the committee are considered appropriate given the size of the Company and small Board.</p> <p>The Audit Committee Charter is available on the Company's website.</p> <p>Qualifications and experience of members of the Audit Committee are found under the directors' and officers' profiles in both the Annual report and on the Company's website at Directors and Management. During the reporting period two meetings of the Audit Committee was held.</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>	<p>Before the Board approves the financial statements, it receives from its CFO declarations in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.</p>
4.3	<p>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.</p>	<p>Section 249K of the Corporations Act requires a Company to give its auditor a notice of a general meeting and section 250RA requires an auditor to attend a listed company's AGM.</p>

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### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

*A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*

Recommendation		Company's Report against Recommendation
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.	The Company's Continuous Disclosure Policy is available on the Company's website.

### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

*A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.*

Recommendation		Company's Report against Recommendation
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement. ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company encourages security holders to attend and participate in general meetings and makes itself available to meet investors and regularly responds to telephone or email enquiries from investors.
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.	The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote attendance by Shareholders. The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to be addressed at the relevant meeting or through disclosure relating to that meeting. The Company's Shareholder Communication Policy is disclosed on the Company's website.



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Recommendation		Company's Report against Recommendation
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.	It is the Company's desire that shareholders receive communications electronically in the interests of the environment and reducing costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at cost (which will generally involve a black & white presentation even where the electronic version is full colour).

### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

*A listed entity should establish a sound risk management framework oversight and periodically review the effectiveness of that framework.*

Recommendation		Company's Report against Recommendation
7.1	<p>The board of a listed entity should:</p> <p>(a) have a 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>The Company's Risk Committee members as at 30 June 2020 comprised all member of the Board including Mr Frazer Tabcart, Mr Thomas McKeith and Mr Howard Golden, and is Chaired by Mr Tabcart who is considered independent.</p> <p>The Company's Risk Management Policy is available on the Company's website.</p> <p>Qualifications and experience of members of the Risk Committee are found under the directors' profile in both the Annual report and on the Company's website at Directors and Management.</p> <p>Two meetings of the Risk Committee was held during the reporting period. In addition, risk management is specifically discussed at the Company's board meetings during the year.</p>
7.2	<p>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>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Company reviews its risk management framework at every Board Meeting and during the reporting period this has taken place.</p>
7.3	A listed entity should disclose:	<p>Due to the size of the Company, the Board does not consider it necessary at this time, to formally implement an internal audit function. The Board continually monitors the risk</p>

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Recommendation		Company's Report against Recommendation
	<p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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>management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Company's group structure. The Board is satisfied with the current level of risk, risk management and control monitoring within the Company.</p>
7.4	<p>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>The Company is subject to, and responsible for, existing environmental liabilities associated with its tenements. The Company will continually monitor its ongoing environmental obligations and risks, and implement rehabilitation and corrective actions as appropriate to remain compliant. These risks may be impacted by change in Government policy.</p> <p>The Company does not believe it currently has any significant exposure to economic and social sustainability risks.</p>

### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

*A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.*

Recommendation		Company's Report against Recommendation
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, and disclose:</li> <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>The Company's Remuneration Committee members as at 30 June 2020 comprised Mr Thomas McKeith, Mr Frazer Tabear and Ms Catherine Grant-Edwards and was chaired by Mr McKeith who is not considered independent.</p> <p>The Company does not comply with this recommendation in full, however the members of the committee are considered appropriate given the size of the Company, small Board, and experience of the members.</p> <p>The Company's Remuneration Committee Charter is available on the Company's website.</p> <p>The key responsibilities of the Remuneration Committee is to support and advise the Board in fulfilling its responsibility to investors by:</p> <ol style="list-style-type: none"> <li>(a) Reviewing and approving the executive remuneration policy to enable the Company to attract and retain Executives and Directors who will create value for shareholders;</li> </ol>

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Recommendation	Company's Report against Recommendation
<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>(b) Ensuring that the execution remuneration policy demonstrates a clear relationship between key executive performance and remuneration;</p> <p>(c) Recommending to the Board the remuneration of Executive Directors; and</p> <p>(d) Reviewing and approving any equity based plans and other incentive schemes.</p> <p>No meetings of the Remuneration Committee were held during the reporting period.</p>
<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.</p>	<p>The remuneration policy of the Company has been designed to align Director and Senior Management objectives with business objectives and consequently shareholder returns. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately skilled Directors to run and manage the Company.</p> <p><i>Non-Executive Director Remuneration Policy</i></p> <p>Non-Executive Director remuneration has been approved by the Board on various dates as and when Directors have been appointed to the Company (subject to change at the Board's discretion). The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is approved by shareholders.</p> <p><i>Senior Management Remuneration Policy</i></p> <p>The Company is committed to remunerating its Senior Management in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of Senior Management may include but is not limited to, salary, superannuation, incentive awards, compensation payments, equity awards and service contracts. The Board may use its discretion with respect to the payment of bonuses, options and other incentive payments.</p> <p>Full details regarding the remuneration of Directors and Senior Management is provided in the Company's annual report.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company's equity-based remuneration scheme is governed by the Arrow Minerals Share Plan Scheme. A summary of the Arrow Minerals Share Plan Scheme is set out in the Company's annual report. Whilst the Company's Securities Trading Policy sets out the circumstances in which the Company's directors, executives, employees, contractors, consultants and advisors are prohibited from dealing in the Company's securities, there is no specific policy guidance on whether participants in an equity-based remuneration scheme are permitted to enter into transactions (whether through</p>

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	Recommendation	Company's Report against Recommendation
		the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.