



Orion Minerals Ltd

ABN 76 098 939 274

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2018

The Board of Directors of Orion Minerals Ltd (**Orion** or **Company**) is responsible for the corporate governance of the Company. The Company's corporate governance practices for the full year ended 30 June 2018 are set out below. These practices are generally in line with the ASX Corporate Governance Council's Recommendations (3rd edition) (**Recommendations**), with exceptions indicated in the tables in Section 7 and commented on in the sections below. Further information is available in the Corporate Governance section of the Company's website, www.orionminerals.com.au.

This Corporate Governance Statement is current as at 25 October 2018 and has been approved by the Board of Directors of Orion Minerals Ltd.

1. THE BOARD

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board Charter is available on the website.

To ensure the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three directors, a majority of whom should be non-executive directors;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors have all necessary information to participate in an informed discussion of all agenda items.

The membership of the Board, its activities and composition are subject to periodic review.

The Board considers that its current structure is appropriate given the Company's size and that the current directors provide the necessary diversity of skills and experience appropriate for the Company's current projects and business. However, a formal Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership has not been established, and therefore the Company does not comply with **Recommendation 2.2**. The Board will periodically give consideration to the establishment of such a matrix.

The Company does not comply with **Recommendation 2.4**, as a majority of Directors are not independent; Mr Denis Waddell, as non-executive Chairman, is not considered to be independent as he is a substantial shareholder (6% shareholding) of the Company. Mr Mark Palmer, although a non-executive director, is not considered to be independent as he is associated with Tembo Capital, a substantial shareholder (23% shareholding) of the Company. Messrs Alexander Haller and Michael Hulmes are considered to be independent Directors. Although Mr Haller is associated with Sijla Investments Ltd (3% shareholding), previously a substantial shareholder of the Company. Mr Errol Smart is an executive Director of the Company.

The Company does not comply with **Recommendation 2.5**, as the non-executive Chairman, Mr Waddell, is not independent.

The length of service of each director is disclosed in the 2018 Directors' Report.

The criteria for determining the identification and appointment of a suitable candidate for the Board shall include qualifications, experience and achievement, credibility within the Company's scope of activities, intellectual ability to contribute to the Board's duties and ability to undertake Board duties and responsibilities.

Managing Director and Chief Executive Officer (CEO)

Mr Errol Smart is responsible for communication with senior management, the day-to-day administration and management of the Company and for keeping the Board properly informed. The Board reviews and provides feedback on the CEO's performance and is responsible for the appointment and removal of the CEO.

2. BOARD RESPONSIBILITIES

The Board is responsible for:

- (a) driving the success of Orion in a way that ensures the interests of shareholders and key stakeholders are properly recognised and protected;
- (b) setting the strategic direction of Orion and monitoring the performance of the Chief Executive Officer/Managing Director (**CEO/MD**) and those senior executives who report to the CEO/MD;
- (c) ensuring there are adequate resources available to meet the Company's business plans and strategic objectives;
- (d) appointing and where appropriate removing the CEO/MD and overseeing succession plans for the senior executives who report to the CEO/MD;
- (e) ratifying the appointment and where appropriate, the removal of the Chief Financial Officer (**CFO**) or equivalent and the Company Secretary;

- (f) approving conditions of service and performance monitoring procedures to apply to all executive directors and those senior executives who report to the CEO/MD;
- (g) approving policies of a Company-wide nature;
- (h) approving and monitoring Orion's financial reporting, major capital expenditure and capital management;
- (i) approving and monitoring the progress of Orion's business plans and strategic objectives;
- (j) ensuring that adequate audit, risk management and compliance systems and procedures exist, and are being effectively utilised;
- (k) ensuring that Orion has appropriate corporate governance structures in place, including an ethical code of conduct; and
- (l) ensuring that the Board has the appropriate blend of experience, skills and attributes to meet the changing needs of Orion.

The Board has delegated responsibility for the day-to-day operations and administration of Orion to the CEO/MD.

Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The Company will only meet that expense if they obtain the advice after obtaining the Chairman's prior written approval, which will not be unreasonably withheld.

3. COMMITTEES

An Audit Committee has been established by the Board. Its primary function is to assist the Board in fulfilling its responsibilities by reviewing the:

- quality and integrity of financial reporting;
- systems of internal control that management and the Board have established to safeguard the Company's financial and physical assets and facilitate compliance with relevant statutory and regulatory requirements;
- processes for business risk identification, quantification and mitigation;
- effectiveness and independence of the external audit process; and
- quality and relevance of financial and non-financial information provided to management and the Board on which decisions will be based.

The Audit Committee comprises Mr Waddell (Chairman), Mr Smart and Mr Haller. Each member has the relevant financial and industry experience required to perform Audit Committee functions. Details of their qualifications and experience, and the Audit Committee meeting and attendance details for the reporting period, are set out in the 2018 Directors' Report. The Audit Committee Charter is available on the website.

Although the Audit Committee consists of three members, the Company does not comply with **Recommendation 4.1**, as the majority of the members are not considered to be independent. Mr Waddell is the Chairman of both the Board and the Audit Committee and is not independent; Mr Smart is the Managing Director and CEO and is not independent. Non-executive director Mr Haller is independent. Nevertheless, the Board considers that the current structure is appropriate given the size of the Company and the necessary skills and experience each member brings to the Audit Committee.

The Company does not comply with **Recommendation 2.1**, as there is no separate nomination committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a nomination committee. The whole Board conducts the functions of the nomination committee, and is guided by the charter posted on the website.

The Company does not comply with **Recommendation 7.1**, as there is no separate risk committee. However, one of the roles of the Audit Committee is to review the processes for business risk identification, quantification and mitigation. The role of the **Technical Committee** is to review technical information received by the Board and released to ASX, guided by the charter posted on the website. In addition, the Company has a *Risk Management and Internal Control Policy*, which is available on the Company's website. Management reports regularly to the Board on its management of material business risks.

A formal review of the Company's risk management framework was not conducted during the reporting period, although the Board continues to assess the framework on an informal basis at least twice per annum when lodging its financial reports. The Board receives assurance from the CEO and CFO (or equivalent) that the declaration for the financial report, provided in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control and that the system is operating effectively.

The Company does not comply with **Recommendation 8.1**, as there is currently no separate remuneration committee. The Board considers that the current size of the Company and its level of activities are not of a

sufficient magnitude to justify having a remuneration committee. The whole Board conducts the functions of the remuneration committee and is guided by the charter posted on the website.

4. MONITORING OF PERFORMANCE

The Board will, from time to time, evaluate its performance (including that of individual Board members) and Board committees to determine whether they are functioning effectively by reference to their charters and current best practice. Performance evaluations were conducted during the reporting period as part of the review of director remuneration and engagement terms for the executive directors.

Although the Company has not adopted a formal process for periodically evaluating the performance of its senior executives other than Board members, and therefore does not comply with **Recommendation 1.7**, informal performance evaluations were undertaken during the reporting period. At its present stage of development, the Company has minimal executive personnel.

5. REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high-quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives that allow executives to share the rewards of the success of Orion.

Details of the Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives are disclosed in the 2018 Remuneration Report.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Orion and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, where applicable, to directors.

6. ADDITIONAL INFORMATION

- The Company does not comply with **Recommendation 1.5** as it has not established a diversity policy that requires the Board to set measurable objectives for achieving gender diversity nor disclosed a policy or summary of that policy. Neither has the Company disclosed in its annual report the measurable objectives for achieving gender diversity. The Board believes that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy. In the future, as the Company grows and increases in size and activity, the Board will consider the adoption of a formal diversity policy.
- The Board has adopted a **Code of Conduct** and policies on Community, OH&S, and the Environment. The Code is available on the website.
- The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. The Company's **Continuous Disclosure Policy** is posted on the website. All information disclosed to ASX is immediately posted on the website and emailed to those parties who have supplied their email addresses. Before analysts are briefed on aspects of the Company's operations, the presentation is released to ASX and posted on the website.
- The Company's **Shareholder Communication Policy** is posted on the 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 the Constitution, key policies, procedures and charters of the Company, such as the Board and Committee charters, Securities Trading Policy and the latest Corporate Governance Statement. ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX. The Company has a proactive approach to communicating the Company's business to shareholders and the wider investment community, and encourages ongoing Shareholder feedback and participation at general meetings. The Board encourages the attendance of each meeting to facilitate attendance by shareholders.
- The Company does not presently have an **internal audit function**. However, the Board and management continually monitor and endeavour to improve the effectiveness of the Company's risk management and internal control procedures. The Audit Committee and its interaction with the Company's external auditor also provide additional oversight of this important area.

- The Board does not consider the Company has any material exposure to economic, environmental or social sustainability risks at the present time.
- The Company has an equity-based remuneration scheme for executives (the Orion Minerals Option and Performance Rights Plan). In accordance with the provisions of the Plan, executives may be granted options or performance rights to purchase ordinary shares. The Plan's rules provide the Board with discretion as to any restrictions that may apply. The Board has a policy that does not permit Plan participants to enter into transactions which limit the economic risk of participating in the Plan.

7. ASX CORPORATE GOVERNANCE COUNCIL'S RECOMMENDATIONS

Corporate Governance Recommendation		Adoption and comments
Principle 1: Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: <ul style="list-style-type: none"> (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. 	Adopted
1.2	A listed entity should: <ul style="list-style-type: none"> (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. 	Adopted
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted
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.	Adopted
1.5	A listed entity should: <ul style="list-style-type: none"> (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 that policy or a summary of it; and (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: <ul style="list-style-type: none"> (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 (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. 	Not adopted – see comments in Section 6 above
1.6	A listed entity should: <ul style="list-style-type: none"> (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. 	Adopted

Corporate Governance Recommendation		Adoption and comments
1.7	A listed entity should: <ul style="list-style-type: none"> (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. 	Not adopted – see comments in Section 4 above
Corporate Governance Recommendation		Adoption and comments
Principle 2: Structure the Board to add value		
2.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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 (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. 	Not adopted – see comments in Section 3 above
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.	Not adopted – see comments in Section 1 above
2.3	A listed entity should disclose: <ul style="list-style-type: none"> (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 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. 	Adopted
2.4	A majority of the board of a listed entity should be independent directors.	Not adopted – see comments in Section 1 above
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.	Not adopted – see comments in Section 1 above
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.	Adopted
Corporate Governance Recommendation		Adoption and comments
Principle 3: Act ethically and responsibly		

Corporate Governance Recommendation		Adoption and comments
3.1	A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	Adopted
Principle 4: Safeguard integrity in corporate reporting		
4.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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. 	Partly adopted – see comments in Section 3 above
4.2	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.	Adopted
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.	Adopted
Corporate Governance Recommendation		Adoption and comments
Principle 5: Make timely and balanced disclosure		
5.1	A listed entity should: <ul style="list-style-type: none"> (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. 	Adopted
Corporate Governance Recommendation		Adoption and comments
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.	Adopted
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Adopted
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.	Adopted

Corporate Governance Recommendation		Adoption and comments
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.	Adopted
Principle 7: Recognise and manage risk		
7.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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 (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. 	Not adopted – see comments in Section 3 above
7.2	The board or a committee of the board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	Adopted
7.3	A listed entity should disclose: <ul style="list-style-type: none"> (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. 	Adopted
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.	Adopted
Corporate Governance Recommendation		Adoption and comments
Principle 8: Remunerate fairly and responsibly		
8.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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 (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. 	Not adopted – see comments in Section 3 above

Corporate Governance Recommendation		Adoption and comments
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.	Adopted
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.	Adopted