

# CALIDUS RESOURCES LIMITED

AND CONTROLLED ENTITIES

ABN 98 006 640 553

## Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's governance-related documents can be found on its website at [www.calidus.com.au](http://www.calidus.com.au) under the section marked About – Corporate Governance.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	COMPANY EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	<p>The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter.</p> <p>The responsibilities of the Board include but are not limited to:</p> <ul style="list-style-type: none"><li>(a) setting and reviewing strategic direction and planning;</li><li>(b) reviewing financial and operational performance;</li><li>(c) identifying principal risks and reviewing risk management strategies; and</li><li>(d) considering and reviewing significant capital investments and material transactions.</li></ul> <p>In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.</p>
<b>Recommendation 1.2</b> 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 relevant to a decision on whether or not to elect or re-elect a director.	YES	<p>The Board carefully considers the character, experience, education and skillset, as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate checks to verify the suitability of the candidate, prior to their election. The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders.</p>
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	<p>The Company has a written agreement with each of the Directors. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).</p>
<b>Recommendation 1.4</b> 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.	YES	<p>The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary.</p> <p>In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in the Annual Report.</p>

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<p><b>Recommendation 1.5</b> A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	<p>NO (not followed in full)</p> <p>The Company is committed to creating a diverse working environment and promoting a culture which embraces diversity and has adopted a written policy. Given the size of the Company and scale of its operations, however, the Board is of the view that setting measurable objectives for achieving gender diversity is not required at this time. Further as the Company has not established measurable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.</p>
<p><b>Recommendation 1.6</b> 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>NO</p> <p>Whilst the Company has a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life as a public listed exploration company, the assessment of the directors' and executives' overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, for the financial year ended June 2020, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.</p>
<p><b>Recommendation 1.7</b> 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>NO</p> <p>Refer above.</p>
<p><b>Principle 2: Structure the board to add value</b></p>	
<p><b>Recommendation 2.1</b> The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>NO (not followed in full)</p> <p>As a result of the Company's size and the stage of the entity's life as a publicly listed exploration company and given the size of the Board at present a Nomination Committee has been established with two non-executive members. The Nomination Committee has been combined with the Remuneration Committee and they will meet from time to time to review the skill mix required for the Board and, where gaps are identified, they embark on a process to fill those gaps. This is undertaken on an informal basis.</p>

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<p><b>Recommendation 2.2</b> A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	NO (not followed in full)	The details of the skill set of the current Board members are set out in the description of each Director in the Annual Report. The Board believes that the current skill mix is appropriate given the Company's size and the stage of the entity's life as a publicly listed exploration company.
<p><b>Recommendation 2.3</b> <b>A listed entity should disclose:</b> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</p>	YES	<p>The following directors are considered independent;</p> <ul style="list-style-type: none"> <li>• Mark Connelly Non-Executive Chairman</li> <li>• Keith Coughlan Non-Executive Director</li> <li>• Adam Miethke Non-Executive Director (<i>resigned 27 July 2020</i>)</li> </ul> <p>A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.</p>
<p><b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.</p>	YES	The Board comprises three Directors of whom two are considered to be Independent Directors as at the date of this report.
<p><b>Recommendation 2.5</b> 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.</p>	YES	Mr Mark Connelly is Non-Executive Chairman and is an independent director.
<p><b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	NO	The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed exploration company, the Board has not put in place a formal program for inducting new directors. However, it does provide a package of background information on commencement and provides ready interaction with the Company's personnel to gain a stronger understanding of the business. Similarly, the Company does not at this stage provide professional development opportunities for Directors. More formal processes for both of these areas will be considered in the future as the Company develops.
<b>Principle 3: Act ethically and responsibly</b>		
<p><b>Recommendation 3.1</b> 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.</p>	YES	The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board and is disclosed on the Company's website. The Code applies to all Directors, employees, contractors and officers of the Company.

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<b>Principle 4: Safeguard integrity in financial reporting</b>	
<p><b>Recommendation 4.1</b> The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>NO (not followed in full)</p> <p>Due to the size of the Board, the Company does not have a separate Risk Committee. The Board has a combined Audit and Risk committee. The current Chair of the Audit and Risk Committee is Mr Keith Coughlan who is a non-executive director of the Board and an independent director. The Board has adopted Audit and Risk Committee Charter, which is disclosed on the Company's website.</p>
<p><b>Recommendation 4.2</b> 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 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>YES</p> <p>In accordance with ASX Recommendation 4.2 the Chief Executive Officer (or their equivalent) and Chief Financial Officer (or their equivalent) are required to provide assurances that the written declarations under s295A of the Corporations Act (and for the purposes of ASX Recommendation 4.2) are founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provide such assurances at the time the s295A declarations are provided to the Board.</p>
<p><b>Recommendation 4.3</b> 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>YES</p> <p>The Company's external audit function is performed by Moore Stephens. Representatives of Moore Stephens will attend the Annual General Meeting and be available to answer shareholder questions regarding the audit.</p>
<b>Principle 5: Make timely and balanced disclosure</b>	
<p><b>Recommendation 5.1</b> A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p> <p>The Company operates under the continuous disclosure requirements of the ASX Listing Rules and has adopted a policy, which is disclosed on the Company's website. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.</p> <p>The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments.</p>
<b>Principle 6: Respect the rights of security holders</b>	
<p><b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p> <p>The Company keeps investors informed of its corporate governance, financial performance and prospects via its website – <a href="http://www.calidus.com.au">www.calidus.com.au</a>. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statement, and investor presentations via the 'Investors' tab and can access general information regarding the Company and the structure of its business under the 'Overview' and 'Features' tabs.</p>

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<p><b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>YES</p> <p>The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:</p> <ul style="list-style-type: none"> <li>the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;</li> <li>the half yearly financial report lodged with the ASX and ASIC and sent to all shareholders who request it;</li> <li>notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;</li> <li>notices of all meetings of shareholders;</li> <li>publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at <a href="http://www.calidus.com.au">www.calidus.com.au</a>; and</li> <li>disclosure of the Corporate Governance practices and communications strategy on the entity's website.</li> </ul> <p>While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact for Shareholders to make their enquiries.</p>
<p><b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>YES</p> <p>The Board 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. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.</p>
<p><b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>YES</p> <p>The Company provides its investors the option to receive communications from and send communications to, the Company and the share registry electronically.</p>
<p><b>Principle 7: Recognise and manage risk</b></p>	
<p><b>Recommendation 7.1</b> 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>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and disclose:</li> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>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 process it employs for overseeing the entity's risk management framework.</p>	<p>NO (not followed in full)</p> <p>Due to the size of the Board, the Company does not have a separate Risk Committee. The Company has an Audit and Risk Committee which is responsible for the oversight of the Company's risk management and control framework. The Board has adopted a Risk Management Policy, which is disclosed on the Company's website as part of the Audit and risk committee Charter.</p>

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<p><b>Recommendation 7.2</b> The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>The Board recognises that there are inherent risks associated with the Company's operations including commercial, technological legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board. The Board reviews the risk profile of the Company and monitors risk informally throughout the year.</p>
<p><b>Recommendation 7.3</b> A listed entity should disclose:</p> <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>	NO	<p>The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.</p>
<p><b>Recommendation 7.4</b> A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>As already outlined above in relation to various ASX Recommendations, the Company constantly monitors and reviews the key risks that affect the Company and the management of those risks. The risks which the Company has identified that it has a material exposure to are its ability to raise funds within an acceptable time frame and on terms acceptable to it ("Capital Risk"); and that its existing projects, or any other projects that it may acquire in the future, will be able to be economically exploited ("Economic Risk"). The manner in which the Company manages those risks, in the case of Capital Risk, to monitor the market and investment appetite and to raise further required capital in a timely manner such that the Company's operations are adequately funded; in the case of Economic Risk, to adopt a diversified portfolio approach and to also adopt a focused approach, seeking to lay off risk where possible.</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>		
<p><b>Recommendation 8.1</b> The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <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>	NO (not followed in full)	<p>The Company has adopted a joint Nomination and Remuneration Committee which is chaired by an independent director, however, given the current size of the company there are only two non-executive directors on this committee. The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.</p>
<p><b>Recommendation 8.2</b> 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 and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>Details of the Company's policies on remuneration are set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.</p>

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<p><b>Recommendation 8.3</b></p> <p>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>Yes</p> <p>The Company's Security Trading Policy includes a statement prohibiting directors, officers and employees from dealing at any time in financial products such as warrants, futures or other financial products, that specifically prohibits entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of their security holding in the Company or of participating in unvested entitlements under the equity based remuneration schemes.</p> <p><u>Security Trading Policy</u></p> <p>In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:</p> <ul style="list-style-type: none"><li>a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;</li><li>b) trading in the Company's securities which is not subject to the Company's trading policy; and</li><li>c) the procedures for obtaining written clearance for trading in exceptional circumstances.</li></ul> <p>The Company's Security Trading Policy is available on the Company's website.</p>