

## Appendix 4G

# Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Adelaide Resources Limited

ABN / ARBN:

75 061 503 375

Financial year ended:

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

These pages of our annual report:

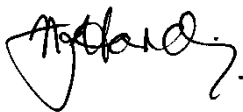
This URL on our website: [www.adelaideresoures.com.au/corporate/corporate-governance](http://www.adelaideresoures.com.au/corporate/corporate-governance)

The Corporate Governance Statement is accurate and up to date as at 30 October 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 30 October 2015

Name of Director or Secretary authorising  
lodgement: Nick Harding



<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation                             |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|---|---|---|---|
| <b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> |   |   |   |
| 1.1   | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.  | the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at<br>and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):<br><input type="checkbox"/> at | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable            |
| 1.2   | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(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. | the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable            |
| 1.3   | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.   | the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at  | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 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.   | the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable            |

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| Corporate Governance Council recommendation |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |
|---|---|--|--|
| 1.5   | <p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <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>the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at</p> <p>and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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 evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |

| Corporate Governance Council recommendation           | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |  |
|---|--|--|--|
| <b>PRINCIPLE 2 - 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> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, 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>[If the entity complies with paragraph (a):]</p> <p>the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at</p> <p>www.aidealideresources.com.au/corporate/corporategovernance</p> <p>and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>[If the entity complies with paragraph (b):]</p> <p>the fact that we do not have a nomination committee and the processes we employ 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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p>  | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |

| Corporate Governance Council recommendation        |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|--|---|---|---|
| 2.3  | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(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<br>(c) the length of service of each director. | the names of the directors considered by the board to be independent directors:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at<br>and, where applicable, the information referred to in paragraph (b):<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at<br>and the length of service of each director:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at [insert location here] | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 2.4  | A majority of the board of a listed entity should be independent directors.   | the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at [insert location here]  | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 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.   | the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable            |
| 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 fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable            |
| <b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b> |   |   |   |
| 3.1  | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.   | our code of conduct or a summary of it:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input checked="" type="checkbox"/> at <a href="http://www.adelaideresources.com.au/corporate/corporategovernance">www.adelaideresources.com.au/corporate/corporategovernance</a>   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

| Corporate Governance Council recommendation                     | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |  |
|---|--|---|--|
| <b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> |  |   |  |
| 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,</p> <p>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>[If the entity complies with paragraph (a):]</p> <p>the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at <a href="http://www.adelaideresources.com.au/corporate/corporategovernance">www.adelaideresources.com.au/corporate/corporategovernance</a> and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at</p> <p>and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>[If the entity complies with paragraph (b):]</p> <p>the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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>the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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>the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation                 |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|---|--|--|---|
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |  |  |   |
| 5.1   | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | our continuous disclosure compliance policy or a summary of it:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> at<br>www.adelaideresources.com.au/corporate/corporategovernance | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| <b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> |  |  |   |
| 6.1   | A listed entity should provide information about itself and its governance to investors via its website.   | <input checked="" type="checkbox"/> information about us and our governance on our website:<br>at<br>www.adelaideresources.com.au/corporate/corporategovernance  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.2   | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.  | the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 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.                                      | our policies and processes for facilitating and encouraging participation at meetings of security holders:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at                               | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable |
| 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.                   | the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

| Corporate Governance Council recommendation    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |  |
|--|--|--|--|
| <b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b> |  |  |  |
| 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> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, 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 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>[If the entity complies with paragraph (a):]</p> <p>the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at</p> <p>www.adelaideresources.com.au/corporate/corporategovernance</p> <p>and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>[If the entity complies with paragraph (b):]</p> <p>the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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 fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>  | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |



| Corporate Governance Council recommendation |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---|---|--|---|
| 7.3   | <p>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> | <p>[If the entity complies with paragraph (a):]</p> <p>how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>[If the entity complies with paragraph (b):]</p> <p>the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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>whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>  | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>        |

| Corporate Governance Council recommendation            | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |  |
|--|--|---|--|
| <b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b> |  |   |  |
| 8.1  | <p>The board of a listed entity should:</p> <p>(a) have a remuneration 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, 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 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>[If the entity complies with paragraph (a):]</p> <p>the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at</p> <p>www.aidealideresources.com.au/corporate/corporategovernance</p> <p>and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/></p> <p>[If the entity complies with paragraph (b):]</p> <p>the fact that we do not have a remuneration committee and the processes we employ 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><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>   |
| 8.2  | <p>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>separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/></p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>  |
| 8.3  | <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>our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation                                    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |   |
|--|--|--|---|
| <b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b> |  |  |   |
| -  | <p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p> | <p>the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>         | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| -  | <p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>  | <p>the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |

# Adelaide Resources Limited Corporate Governance Statement

## Introduction

The Board of Adelaide Resources Limited (**Company**) is committed to responsible financial and business practices and the highest standards of corporate governance to protect and advance shareholder's interests.

This Corporate Governance Statement provides information about the Company's corporate governance practices in compliance with ASX Listing Rule 4.10.3 and the *ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) (Recommendations)*. The Company has adopted and significantly complies, to the extent appropriate to the size and nature of the Company's operations, with the Recommendations except where specifically stated.

The information in this Corporate Governance Statement is current as at 30 October 2015 and has been approved by the Board of the Company.

The governance documents referred to in this Corporate Governance Statement are available on the Company's website at [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

## ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

### ASX Principles and Recommendations

#### Principle 1: Lay solid foundations for management and oversight

##### The Board

The Board has responsibility for the overall corporate governance of the Company including strategic direction, establishment of goals for management, and monitoring the achievement of those goals.

##### *Board Charter*

The Board Charter establishes and defines the roles and responsibilities of the Board, which can be accessed from the Company's website at [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

##### *Responsibilities*

The Board retains full responsibility for overseeing and appraising the Company's strategies, policies and performance. However, to assist with discharging its responsibilities it has established the following committees:

1. Audit and Risk Committee; and
2. Remuneration Committee.

The Board's key functions include:

- ensuring the future of the Company through the promotion of its growth and positive image;
- the adoption and monitoring of a strategic plan for the Company;
- the prudent management of the Company's risks and its capital;
- ensuring that the directors and senior management collectively have the full range of skills needed for the effective and prudent operation of the Company;
- ensuring the Company has adequate internal controls (both operational and financial) to maintain liquidity and solvency;
- reviewing the long term positioning, branding, digital, marketing and communication strategies of the Company;
- selecting new directors of the Company and making recommendations to shareholders; and
- approving and monitoring the annual and half year reports.

### ***Appointment***

The Board has established a Remuneration Committee. The Committee will identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Board, in order for the Board to discharge its duties and pursue its business objectives effectively.

The Remuneration Committee will also undertake appropriate checks on any candidate and seek confirmation to ensure that the candidate has sufficient time to fulfil their responsibilities as a director.

The Board will provide relevant information on board members seeking re-election to shareholders so as to enable shareholders to make informed decisions.

A written agreement together with a deed of access and indemnity is provided to each incoming director. The agreements set out the terms of appointment, expectations and responsibilities of the rules, remuneration, director independence requirements, access to corporate resources and confidentiality requirements. The deeds indemnify the directors in respect of certain liabilities and legal expenses incurred by them whilst acting as directors and insure them against certain risks they are exposed to as directors.

### ***Evaluation of the Board***

In accordance with the Board Charter, the performance of the Board is reviewed by the Board at board meetings and annually by both the Board and the Remuneration Committee to ensure that collectively the Board has the required skills, knowledge and experience to understand the risks of the Company.

### ***Evaluation of senior executive performance***

The Board reviews the performance of the Managing Director annually against agreed financial and non-financial performance measures, based on the level of achievement of a number of company level and individual performance hurdles. The Managing Director undertakes a similar annual review of the performance of the other senior executives, which is reviewed by the Board and the Remuneration Committee.

The Remuneration Report, which is contained within the Directors' Report of the 2015 Annual Report, is available on the Company's website at [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

### ***Company Secretary***

The Company Secretary is responsible for the day to day operations of the secretarial duties of the Company and oversees the compliance obligations of the Company. The Secretary is the contact person with the ASX and ASIC.

### ***Diversity***

The Company is committed to being an inclusive workplace that values and promotes diversity in the workplace. The Company provides a working environment which is free from unlawful discrimination, harassment, bullying and victimisation. The Company recognises that a diverse range of perspectives within the workforce facilitates good decisions, business practices and ethical behaviours.

Due to the nature of the Company's business, only a small number of directors, executives and employees are required to manage the Company's operations. The Company's proven employment practices have allowed a stable workforce to be maintained over the years with the result that staff turnover has been minimal. However, when recruitment is undertaken, a diverse range of candidates are considered, with the final selection based on merit.

### **Principle 2: Structure the Board to add value**

The Board has established a Remuneration Committee to recommend the director nominees for each annual general meeting. The Committee also makes recommendations to the Board on remuneration packages and policies applicable to directors and the management team including senior executives.

#### **Remuneration Committee**

##### ***Composition of Remuneration Committee***

The Board has established a Remuneration Committee which consists of a majority of whom are independent directors. The Board completes an assessment of the independence of each director prior to their appointment and as necessary thereafter.

The Remuneration Committee is chaired by independent director, Mr Colin Jackson.

## *Charter*

The Charter of the Remuneration Committee is available on the Company's website [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

## *Members*

The members of the Remuneration Committee are Mr Colin Jackson and Mr Jonathan Buckley, both of whom are independent directors. In light of the size of the Board, the Company only has two members of the Board who have been appointed to the Remuneration Committee, they are both independent and the Chair is independent.

## *Skills*

The Board, as it is currently constituted, has a broad range of skills, knowledge and experience which is sufficient and appropriate to steer the strategic direction of the Company, challenge management and discharge its obligations effectively. The individual qualifications and experience of each of the directors is set out in the Director's Report within the 2015 Annual Report, which is available on the Company's website at [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

## *Independence*

The ability of directors to exercise independence judgement is a crucial feature of good corporate governance. Independent, non-executive directors are unfettered by management and free from any business or other relationship that could materially interfere with the independent exercise of their judgement.

The Board has determined both Mr Colin Jackson and Mr Jonathan Buckley are independent directors in accordance with the Board Charter on the basis that they are free from any interest, position, association or relationship that might influence or reasonably be perceived to influence the independent exercise of their judgement.

The length of the service of all the directors is subject to the Company's Constitution, the ASX Listing Rules and the seeking re-election every 3 years which is to be approved by shareholders.

## *Induction*

All new directors participate in an induction program which involves senior management. The induction program includes briefings on the Company's strategy, organisation structure, corporate governance practices, risk management framework, culture, charters and policies regarding the required ethical conduct of directors and employees.

The Company provides appropriate professional development opportunities where required for directors and senior management to develop and maintain the skills and knowledge needed to perform their roles effectively.

### **Principle 3: Act ethically and responsibly**

#### **Code of Conduct**

The Company has adopted a Code of Conduct to guide the standards of ethical behaviour expected of Directors, officers and employees in the performance of their work. In summary, the Code of Conduct requires directors, officers and employees to:

- act in the best interests of the Company and with honesty, integrity and fairness;
- comply with the laws and regulations which apply to the Company and its operations;
- not knowingly participate in any illegal or unethical activity;
- immediately report any concern about a possible breach of the Code of Conduct or any reportable matter under the Code;
- not enter into any arrangement or participate in any activity that would conflict with the interests of the Company or cause the Company to breach any of its legal or regulatory obligations;
- not act in a way which would be likely to negatively affect the Company's reputation;
- not take advantage of the Company's property or information or your position (or opportunities arising from these) for personal gain or to compete with the Company; or
- not take advantage of or misuse a third party's property or information.

The Code of Conduct is available at the Company's website: [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

### **Principle 4: Safeguard integrity in corporate reporting**

#### **Audit and Risk Committee**

##### *Purpose of the Committee*

The Company has established an Audit and Risk Committee which assists the Board in fulfilling its statutory and fiduciary obligations by providing independent and objective recommendations and assurance on the effectiveness of governance, operational risk management, financial reporting, internal control processes and the external audit.

##### *Composition of the Audit and Risk Committee*

The Audit and Risk Committee comprises two non-executive directors, both of whom are independent directors, and is chaired by Mr Jonathan Buckley an independent chair, who is not the Chairman of the Board. In light of the size of the Board, the Company only has two members of the Board who have been appointed to the Remuneration Committee, they are both independent and the Chair is independent.

##### *Technical expertise*

The experience and qualifications of each member of the Audit & Risk Committee is available on the Company's website at: <http://www.adelaideresources.com.au/corporate/board-and-management>.



## ***Meetings***

The Audit and Risk Committee meets at least twice per year to coincide with the review of the half year and annual financial reports to satisfy its objectives.

For details of the number of meetings of the Committee held during the year, and the attendees at those meetings, refer to Meetings of Directors on page 25 of the 2015 Annual Report here.

## ***Reporting***

The Chair of the Audit and Risk Committee communicates the findings of the Committee to the Board after each meeting.

The Company's Charter of the Audit and Risk Committee has adopted a formal policy on the appointment and independence of the external auditors to ensure appropriate control processes are in place to review the nomination and performance of the external auditor.

The directors require the Managing Director and the Chief Financial Officer to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards.

The Chief Financial Officer has provided a written statement to the Board in accordance with s259A of the *Corporations Act 2001* (Cth) that their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board.

The external auditor attends each AGM and is available to answer shareholder questions at the AGM.

## **Principle 5: Make timely and balanced disclosure**

The Board has adopted a Continuous Disclosure Policy, which sets out the key obligations of the Board and senior management to ensure that the Company complies with its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Board has overall responsibility for the establishment, implementation and supervision of the Company's continuous disclosure, however it has delegated authority to the Company Secretary (and other authorised representatives from time to time) for market communications, including what information will be disclosed to the market via the ASX.

The Company is committed to regularly communicating with shareholders in a timely, accessible and clear manner with respect to both procedural matters and major issues affecting the Company. The Company's Continuous Disclosure Policy sets out the practices which the Company implements to support effective communication with its shareholders.

A copy of the Company's Continuous Disclosure Policy is available on the Company's website at: [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

## **Principle 6: Respect the rights of security holders**

The Company aims to communicate all important information relating to the Company to its shareholders. The Company's website at [www.adelaideresources.com.au](http://www.adelaideresources.com.au) contains extensive information about the Company, its activities, portfolio, investment performance, the directors and senior executives. It is updated regularly to keep shareholders informed at all times.

The Company meets its aims as follows:

- the Company's website includes copies of announcements lodged with the ASX;
- the Company provides copies of all of its charters and policies on its website;
- each shareholder receives a Notice of Meeting invitation to attend the Annual General Meeting and has the opportunity to attend and participate in the meeting either in person or by representative;
- shareholders also have an opportunity to submit questions to the Board and to the Company's auditors at its Annual General Meetings - the Board regards the annual general meeting as a good forum in which to discuss issues relevant to the Company and accordingly encourages full participation by shareholders;
- shareholders can sign up to receive ASX announcements via email and can contact Company representatives via email addresses listed on the Company's website; and
- shareholders can also elect to communicate with the Company's share registry electronically.

## **Principle 7 – Recognise and manage risk**

The Board considers ongoing risk management to be a core component of the management of the Company. The Board monitors the business risks of the Company in the discharge of its stewardship responsibilities. The Company operates in a competitive environment and the business is exposed to a range of commercial, economic and market risks that cannot be fully predicted or controlled.

Changing conditions have the potential to impact to the Company's business but the Company must have exposure to risk if it is to succeed in the objective of maximising long-term shareholder returns.

The material risks affecting the Company are actively monitored and managed through the adopted corporate risk register together with internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with relevant laws and regulations maintained by the Audit and Risk Committee with the assistance of the Board and the Company's external auditors.

Additionally, the Board receives regular assurances from the Managing Director on internal control and risk management, and a declaration in accordance with section 295A of the Corporations Act on the integrity of the company's financial statements.

Risk management and internal control systems are reviewed by the Audit & Risk Committee prior to implementation by the Board.

The Board Audit and Risk Committee Charter is available on the Company's website at: [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

For details of the number of meetings of the Committee held during the year, and the attendees at those meetings, refer to Meetings of Directors on page 25 of the 2015 Annual Report.

The Company and the Board recognises there are a number of business risks that could materially impact the Company. Control measures and improvement actions for minimising and treating risks are contained in the Company's corporate risk register.

The key areas of risk that have been identified are:

- statutory / regulatory;
- financial;
- IT management;
- tenement management;
- community;
- asset management;
- corporate and strategic;
- environmental; and
- personnel and safety.

### **Principle 8 – Remunerate fairly and responsibly**

The Board has re-established the Remuneration Committee which was disbanded in 2014 due to the Company's size. The Remuneration Committee operates under the Remuneration Committee Charter. The charter is available on the Company's website at [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

#### **Remuneration Committee**

##### ***Purpose of the Committee***

The Remuneration Committee has been re-established to make recommendations to the Board regarding the director nominees for each annual general meeting and ensures that the Board have the benefit of qualified and experienced independent directors.

##### ***Composition of Remuneration Committee***

The Board has established a Remuneration Committee which consists of two members, the majority of whom are independent directors.

The Remuneration Committee is chaired by independent director, Mr Colin Jackson.

##### ***Charter***

The Charter of the Remuneration Committee is available at the Company's website: [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

### ***Members***

The members of the Remuneration Committee are Mr Colin Jackson (Chair) and Mr Jonathan Buckley.

### ***Meetings***

The Charter of the Remuneration Committee dictates that it is to meet at least two times each year in order for the Committee to fulfil its obligations.

For details of the number of meetings of the Committee held during the year, and the attendees at those meetings, refer to Meetings of Directors on page 25 of the 2015 Annual Report.

### ***Reporting***

The Chair of the Remuneration Committee communicates the findings of the Committee to the Board after each meeting.

For further details of the remuneration policies of the Company, please refer to the Remuneration Report on pages 19 - 24 of the 2015 Annual Report.

The non-executive directors' remuneration is fixed and is subject to a maximum remuneration pool of \$350,000, which was approved by shareholders on 17 November 2009.

The Company does not provide any scheme for retirement benefits, other than statutory superannuation, for non-executive directors.

### ***Equity-based remuneration***

The Company's remuneration policy is to ensure that remuneration is competitive in attracting, motivating and retaining employees of high calibre and appropriately reflect the duties and responsibilities of each executive. The Company offers a combination of fixed annual remuneration and performance related remuneration, through its Performance Rights Plan and the proposed implementation of its Loan Funded Employee Share Plan. The purposes of these equity based remuneration schemes are to create a strong link between increasing shareholder value and executive reward.

Company policy prohibits executives from entering into transactions which limit the economic risk of participating in either of the schemes.