

King Island Scheelite Limited ABN 40 004 681 734

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council¹ have been applied. King Island Scheelite Limited ABN 40 004 681 734 (**Company**) is a small company with limited operations. Accordingly, the Board considers that many of the corporate governance guidelines intended to apply to larger companies are not practical for the Company.

Where reported that the Company has not complied with the ASX Corporate Governance Council Principles and Recommendations, these were not followed and alternative practices were adopted.

The Corporate Governance Statement is dated 6 August 2018 and was approved on 6 August 2018 by the Company's Directors.

ASX Corporate Governance Council Principles/ Recommendations	Compliance	Details	Disclosure Requirement for Non Compliance
Principle 1			
Principle 1 – Lay solid foundations for management and oversight. A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.			
<p>Recommendation 1.1: A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Comply	<p>The Board is accountable to shareholders for the performance of the Company and has overall responsibility for its operations.</p> <p>The Board's primary objective is to protect and enhance shareholder value within a defined, informed structure, which protects the rights and interests of shareholders and other stakeholders by ensuring that the Company and its controlled entities are properly managed.</p> <p>The Board, together with senior management, is responsible to shareholders and other stakeholders for the Company's total business performance.</p> <p>Management of the business of the Company is conducted by officers and employees to whom the management function is delegated by the Board.</p> <p>Management is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board.</p> <p>In carrying out their responsibilities, Management must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.</p> <p>The Company's current structure does not support the employment of a senior Chief Executive Officer.</p> <p>Management members shall be required to state in writing to the Board that the</p>	Not applicable

¹ Corporate Governance Principles and Recommendations 3rd Edition 2014 ASX Corporate Governance Council

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		financial reports of the Company represent a true and fair view in all material respects, of the Company's financial conditions and operating results and are in accordance with relevant accounting standards.	
<p>Recommendation 1.2:</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(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.</p>	Comply	<p>The Company has not previously undertaken checks of the person's character, experience, education, criminal record and bankruptcy history before appointing a person, as the incumbent Directors have known each other for over 20 years. The Company will perform these checks on any new appointments.</p> <p>The Company provides security holders with material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Not applicable
<p>Recommendation 1.3:</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Comply		Not applicable
<p>Recommendation 1.4:</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Comply		Not applicable
<p>Recommendation 1.5:</p> <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,</p>	Does not comply	<p>The Company does not have a diversity policy.</p> <p>The Company makes each staff appointment after consideration of each candidate's qualifications, experience and proven competence, whilst conscientiously avoiding any discrimination on the basis of, but not limited to, race, creed, colour, gender, age, marital status, religion or physical impairment.</p> <p>The Company has no women on its Board.</p> <p>The Company's Finance Manager, who reports to the Chief Financial Officer, is a woman.</p> <p>The Company is not a "relevant employer" under the Workplace Gender Equality Act 2012 (Cth).</p>	<p>The Company does not have a diversity policy, reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.</p> <p>The Company will apply its best endeavours for achieving gender diversity in the future.</p>

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<p>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>Recommendation 1.6:</p> <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>	Comply	<p>An independent Board evaluates performance of directors. Potential nominations to the Board are assessed by the full Board. The Board may appoint a nominations or remuneration committee.</p> <p>The Board undertakes self -assessment of its collective performance. Individual performance is evaluated by the full Board. A performance evaluation was not undertaken during the year ended 30 June 2018.</p>	Not applicable
<p>Recommendation 1.7:</p> <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>	Comply	<p>The Board evaluates performance of senior executives. Individual performance is evaluated by the Board. The Board may appoint a nominations or remuneration committee.</p> <p>The Board undertakes assessment of collective and individual performance. A performance evaluation was not undertaken during the year ended 30 June 2018.</p>	Not applicable
Principle 2			
<p>Principle 2 – Structure the board to add value. A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p>			
<p>Recommendation 2.1:</p> <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</p>	Does not comply		<p>The small size of the Company does not warrant the formation of a Nomination or Remuneration Committee at this time. Appointments are considered by the full Board.</p>

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<p>independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>			
<p>Recommendation 2.2:</p> <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>Does not comply</p>	<p>The Company has not developed a "skills matrix" to identify any gaps in the collective skills of the Board.</p>	<p>The small size of the Company does not warrant the development of a "skills matrix" - reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.</p> <p>Each director's background and skills are reported in the Company's annual report.</p>
<p>Recommendation 2.3:</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of</p>	<p>Comply</p>	<p>The Board consists of three Directors (Messrs Jacobs – appointed 30 November 2012, Davies – appointed 30 September 2012 and Ellis - appointed 8 November 2012), and two are executives (Messrs Jacobs and Ellis).</p> <p>Entities related to Messrs Jacobs and Davies each consult to the Company, as required.</p> <p>An entity related to Mr Ellis is a substantial shareholder of the Company.</p> <p>Messrs Jacobs and Ellis are not independent.</p> <p>Mr Davies' consulting to the Company is</p>	<p>Not applicable</p>

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that opinion; and (c) the length of service of each director.		not material, and he is not a substantial shareholder. Mr Davies is considered an independent director.	
Recommendation 2.4: A majority of the board of a listed entity should be independent directors.	Does not comply		The small size of the Company does not warrant a majority of independent directors.
Recommendation 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.	Does not comply		The small size of the Company does not warrant the appointment of a separate CEO. Two directors (Messrs Jacobs and Ellis) perform management functions.
Recommendation 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.	Does not comply		The small size of the Company and infrequency of new director appointments do not warrant a new director induction program
Principle 3			
Principle 3 – Act ethically and responsibly. A listed entity should act ethically and responsibly			
Recommendation 3.1: A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Does not comply		The Company does not have a formal code of conduct, reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.
Principle 4			
Principle 4 – Safeguard integrity in financial reporting. A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.			
Recommendation 4.1: The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent	Does not comply	The Company's Audit Committee comprises the full Board. The Chairman of the Audit Committee is also the Chairman of the Board. The Audit Committee meets at least twice a year. The attendees are the Audit Committee Members, External Auditor, and Company Secretary.	This Audit Committee structure is considered commercially cost effective, and appropriate to the Company's small size and structure.

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<p>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>The Audit Committee does not have a charter.</p> <p>Relevant qualifications and experience of the members of the committee, and individual attendances at committee meetings, are disclosed by the Company's annual report.</p>	
<p>Recommendation 4.2:</p> <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>Comply</p>	<p>As is required by section 295A of the <i>Corporations Act 2001</i> (Cth), the Executive Chairman and CFO make 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.</p> <p>The Company extended the section 295A declaration to include the declaration that:</p> <p>(a) The opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively; and</p> <p>(b) It is in respect of the Company's financial statements for any financial period.</p>	<p>Not applicable</p>
<p>Recommendation 4.3:</p> <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>Comply</p>	<p>As is required by sections 250PA, 250RA and 250T of the <i>Corporations Act 2001</i> (Cth):</p> <p>(a) The Company's Auditor attends the Company's AGM;</p> <p>(b) The Company forwards any written questions, received prior to the AGM from Company members, to its Auditor; and</p> <p>(c) At the AGM, the Chairman gives a reasonable opportunity for Company</p>	<p>Not applicable</p>

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		members to ask questions of the Auditor and the Auditor to respond to any written questions.	
Principle 5			
Principle 5 – Make timely and balanced disclosure. A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.			
<p>Recommendation 5.1:</p> <p>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>	Comply	<p>Security holders are informed of all material developments that impact on the Company. Detailed continuous disclosure policy is intended to maintain the market integrity and market efficiency of the Company's shares listed on the ASX.</p> <p>Management is required to report any matter that may require disclosure under the Company's continuous disclosure obligations.</p> <p>The Project Manager and Company Secretary / Chief Financial Officer are also each required to report at each Board meeting on this issue.</p> <p>The continuous disclosure process ensures compliance with the Company's continuous disclosure and reporting obligations, consistent with the Listing Rules and <i>Corporations Act 2001 (Cth)</i>.</p>	Not applicable
Principle 6			
Principle 6 – Respect the rights of security holders. A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.			
<p>Recommendation 6.1:</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Comply	<p>The Company aims to convey to its shareholders pertinent information in a factual, timely, regular and detailed manner.</p> <p>The Board ensures that the annual report includes relevant information about the operations of the Company during the year, and changes in the state of affairs of the Company, in addition to the other disclosures required by the <i>Corporations Act 2001 (Cth)</i>.</p> <p>Information is communicated to shareholders by the Company through:</p>	Not applicable

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		<ol style="list-style-type: none"> 1. Placement of market announcements on the Company's web-site http://www.kingislandscheelite.com.au/; 2. The annual and interim financial reports (for those shareholders who have requested a copy); 3. Disclosures to the Australian Securities Exchange and the Australian Securities & Investments Commission; 4. Notices and explanatory memoranda of annual general meetings; and 5. The Invitation to attend and raise questions at the Annual General Meeting. <p>All shareholders are welcome to communicate directly with the Company.</p> <p>All queries will be answered to the maximum extent possible (with consideration given to commercially sensitive information, privacy requirements and the Company's disclosure obligations) and in a timely fashion.</p>	
<p>Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Comply	<p>The Company's management undertakes ongoing contacts with investors, encouraging two-way communication.</p> <p>There is no formal investor relations program, reflecting the Company's small size.</p> <p>With future approval of the Dolphin Project and initiation of Project funding, the Company would expect to design and implement a formal investor relations program.</p>	Not applicable
<p>Recommendation 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.</p>	Comply	Refer Recommendation 6.1 above.	Not applicable
<p>Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Comply	Refer Recommendation 6.1 above.	Not applicable
Principle 7			
Principle 7 – Recognise and manage			

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<p>risk. A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p>			
<p>Recommendation 7.1:</p> <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,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a 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>Does not comply</p>	<p>The Audit Committee has the responsibility to establish policies on the system of internal control and management of financial and business risks.</p> <p>Risk matters are raised with the Audit Committee, which in turn manages these matters raised and reports to the full Board.</p>	<p>This Audit Committee structure is considered commercially cost effective, and appropriate to the Company's small size and structure.</p>
<p>Recommendation 7.2:</p> <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>Comply</p>	<p>During the year ended 30 June 2018, the Board managed the Company's material business risks.</p> <p>The Company is required to regularly review procedures, and ensure timely identification of disclosure material and materiality thresholds.</p> <p>Materiality judgments are made on a case-by-case basis, when all the facts are available.</p> <p>When establishing a preliminary assessment of materiality, the Company has regard to:</p> <p>(a) the reliability of management information;</p> <p>(b) factors which may indicate deviations from normal activities; and</p> <p>(c) qualitative factors which impact on the materiality of individual misstatements,</p>	<p>Not applicable</p>

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		<p>to assess:</p> <ol style="list-style-type: none"> (1) the significance of the misstatement to the particular entity; (2) the pervasiveness of the misstatement; and (3) the effect of misstatement. 	
<p>Recommendation 7.3:</p> <p>A listed entity should disclose:</p> <ol 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. 	Comply	<p>The Company does not have an internal audit function.</p> <p>Refer Recommendation 7.1 above.</p>	Not applicable
<p>Recommendation 7.4:</p> <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>	Comply	Refer Recommendation 7.1 above.	Not applicable
Principle 8			
<p>Principle 8 – Remunerate fairly and responsibly. A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</p>			
<p>Recommendation 8.1:</p> <p>The board of a listed entity should:</p> <ol style="list-style-type: none"> (a) have a remuneration committee which: <ol 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, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; 	Comply	<p>The Company does not have a remuneration committee.</p> <p>Remuneration is determined by:</p> <ol style="list-style-type: none"> (a) the Board - for Directors; and (b) Executive Directors - for senior executives. <p>Non-executive director fees are set within the aggregate amount approved by shareholders.</p> <p>Any structure for equity-based remuneration must be commercially cost effective, and appropriate to the Company's small size and structure.</p>	Not applicable

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<p>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>There is regard for the performance of duties to any published guidelines or recommendations regarding the remuneration of directors and senior executives of listed companies and formation and operation of share option schemes, which are considered relevant or appropriate.</p> <p>Remuneration reflects the demands on and responsibilities of our directors and senior executives. Directors and senior executives are remunerated by way of:</p> <p>(a) Salaries;</p> <p>(b) Consulting fees;</p> <p>(c) Any statutory remuneration (superannuation, annual leave, and long service leave); and</p> <p>(d) Participation in equity-based remuneration.</p> <p>Directors and senior executives do not receive any bonus payments.</p> <p>There are no schemes for retirement benefits, other than any statutory superannuation, annual leave and long service leave.</p>	
<p>Recommendation 8.2:</p> <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>Comply</p>	<p>Refer Recommendation 8.1 above.</p>	<p>Not applicable</p>
<p>Recommendation 8.3:</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>Does not comply</p>	<p>Refer Recommendation 8.1 above</p>	<p>The Company has no equity-based remuneration scheme policy, reflecting the Company's small size.</p> <p>The Board makes decisions on the structure of the Company's equity-based remuneration scheme.</p>