



## CORPORATE GOVERNANCE STATEMENT

### KINCORA COPPER LIMITED

#### Corporate Governance

The Board of Directors of Kincora Copper Limited (Kincora or the Company) are responsible for the corporate governance of the Company.

The Board considers that a strong corporate governance framework with a comprehensive system of control and accountability will help drive shareholder value, assure a prudential and ethical base to the Company's conduct and activities and ensure compliance with the Company's legal and regulatory operations in the jurisdictions it operates in and is listed in.

Subject to the exceptions below, the Company has adopted the 4<sup>th</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Principle	Explanation for Departure
<p><b>ASX Recommendation 1.5</b></p> <p>A listed entity should set measurable objectives for achieving gender diversity</p>	<p>The Company has implemented a diversity policy and the Board recognises the benefit of having a diverse employee base from a variety of ages, genders, cultural backgrounds or other personal factors.</p> <p>Due to the size and specialist nature of the Company's current business activities and the small workforce currently employed, it is not practical for the Company to set measurable objectives for achieving gender diversity.</p>
<p><b>ASX Recommendation 2.1</b></p> <p>The board of a listed entity should have a nomination committee</p>	<p>Due to the size of the Company, the Board has not established a nomination committee.</p> <p>The full Board undertakes the role of the nomination committee and considers all the matters that would be undertaken by a nomination committee. As part of this process the Board will utilise information such as the Board skills matrix and consider policies, including the</p>

	Diversity Policy, to ensure that board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
<p><b>ASX Recommendation 4.1</b></p> <p>The board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors</p>	<p>The Company's Audit Committee includes one executive director, Mr Spring (CA and CFA). The Board considers that Mr Spring's commercial, accounting and financial background adds valuable skills to the Audit Committee.</p> <p>At the date of this Report, the Company's Audit Committee includes two non-independent directors, Mr Marks and Mr Spring. The Board considers that Mr Marks' legal and commercial background adds valuable skills to the Audit Committee, and his non-independent status does not adversely impact his contribution.</p> <p>The Company considers that due to the size and scale of the Company's operations, the partial compliance with the recommendation will not be detrimental to the Company.</p>
<p><b>ASX Recommendation 7.1</b></p> <p>The board of a listed entity should have a risk committee.</p>	Due to the size of the Company, the Board has not established a risk committee. The Board is ultimately responsible for risk oversight and risk management, and has implemented a Risk Management Policy setting out the Company's risk management systems and processes.
<p><b>ASX Recommendation 8.1</b></p> <p>The board of a listed entity should have a remuneration committee which has at least three members.</p>	<p>The Company's Remuneration Committee consists of two members, Mr Nadarajah and Mr McRae, each of whom is a non-executive and independent director.</p> <p>Due to the small size and operations of the Company the Board considers that two members is adequate, however as the scale of operations increases the Board will consider increasing the committee membership.</p>

This Corporate Governance Statement has been approved by the Board of Directors and is current as at 26 February 2021.

Further information on corporate governance policies and practices is available in the "Corporate Governance" section on the Company's website: [www.Kincoracopper.com](http://www.Kincoracopper.com)

## **Principle 1 – Lay solid foundations for management and oversight**

### **1.1 Board Charter**

The Company has adopted a Board Charter that deals with the roles and responsibilities of the Board, chair, directors, CEO and senior executive team.

The Board Charter details the functions and specific responsibilities of the Board and matters that have been delegated, to key management personnel. The Board is responsible for corporate governance and for determining the strategic direction of the Company. Specific responsibilities of the Board include:

- leading and overseeing the Company;
- assessing, developing and approving strategic plans;
- monitoring the operational and financial performance of the Group including
  - developing, implementing and monitoring operational and financial targets for the Group;
  - monitoring, reviewing and challenging senior management's performance and implementation of strategy
  - approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
  - approval of the annual budget;
- ensuring a modern, systematic and cost effective project pipeline of existing projects and reviews of project generation opportunities;
- appointment of, and monitoring the performance of, the chief executive officer, including removal if considered appropriate;
- ratifying the appointment and, where appropriate, the removal of senior executives, including the chief financial officer and the company secretary
- providing overall corporate governance of the Company and monitoring compliance with all Company policies including continuous disclosure and code of conduct and endorsing the Company's statement of values
- satisfying itself that the financial system and corporate reporting system, including board reporting, is effective and accurate and that appropriate internal control systems are implemented;
- ensuring appropriate financial and non-financial risk management controls are implemented;
- monitoring compliance with the Corporations and Securities regulations and other legal and regulatory obligations in the jurisdictions that the Company operates;
- setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
- appointing and overseeing Committees where appropriate to assist in the above functions and powers

Management is responsible for executing strategy and for day-to-day operations.

The Board functions independently of management and supervises the management of the business and affairs of the Company. It is mandated to act with a view to the best interests of the Company.

## **1.2 Pre appointment checks**

The Company performs checks on all new appointments to the Board or senior executives which include checks on a person's character, experience, education, criminal record and bankruptcy history. New directors are required to provide consent for the conduct of background checks and also confirm their availability to spend time on Company related matters.

The Notice of Meeting for the AGM at which directors are either elected or re-elected provides shareholders with information about the director including details of relevant skills, experience and any other relevant information available to the Board at that time.

### **1.3 Written agreements with Directors and senior executives**

The Company has a written agreement with all non-executive directors which sets out the terms and conditions associated with their office. The Company has entered into a Service Agreement with its CEO, the key aspects of which were disclosed to shareholders in the Annual Information Circular. All other senior executives also have written agreements.

### **1.4 Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters associated with the proper functioning of the Board.

The Company has a Canadian based Company Secretary responsible for matters relating to the TSX Venture Exchange and an Australian based Company Secretary responsible for matters relating to the Australian Securities Exchange.

All directors have access to the Company Secretary(s) for advice and support services as required.

### **1.5 Diversity**

Kincora has implemented a diversity policy and the Board recognises the benefit of having a diverse employee base from a variety of ages, gender, cultural backgrounds, skill sets or other personal factors. The Company is committed to providing equal opportunities in hiring and career advancement for all personnel based on merit and ability to contribute to the organisation.

Due to the size and specialist nature of Kincora's current business activities and the small workforce currently employed, the Company has not implemented measurable objectives for achieving gender or other diversity factors at this stage. However, the Company recognises the value of a talented and diverse workforce and the Board will take this into account when selecting new Board members and senior management. More broadly, high quality female candidates will be considered as part of any recruitment process.

At 31 December 2020, women made up 22% of the total workforce (employees and senior officers). There are currently two women in senior management or on the Board of Kincora, including the CFO and Country Manager for Mongolia.

The Diversity Policy can be found on the Kincora website.

### **1.6 Evaluation of Board performance**

The Company has a policy that sets out the framework for review in relation to the Board, Board Committees and Individual Directors. In addition, the chair of the Remuneration Committee provides informal performance feedback to the directors

through regular discussion on an ongoing basis. During the relevant period the performance of the Board has been undertaken in accordance with the process outlined.

The Company has established a Remuneration Committee which is responsible for reviewing the performance and determining the compensation of the Chairman, Chief Executive Officer, other senior management and the Board, based on criteria including the Company's performance and accomplishment of annual and long-term strategic objectives.

### **1.7 Evaluation of Management performance**

The chief executive officer is responsible for evaluating the performance of senior executives. The chief executive officer evaluates the performance of senior executives by monitoring output and conduct of formal and informal meetings. During the relevant period the performance of senior executives has been undertaken in accordance with the process outlined. The Remuneration Committee is responsible for evaluating the performance of the chief executive officer.

The Company's Board Charter; and Remuneration Policy are available on the corporate governance section of the Company's website.

## **Principle 2 - Structure of the board to be effective and add value**

### **2.1 Nomination Committee**

The Board has not established a Nomination Committee. The roles and responsibilities of a Nomination Committee are set out in the Group's Corporate Governance Charter and these are currently overseen by the full Board.

The Board has procedures in the Corporate Governance Charter which covers the process for recruiting and inducting a new Board member. In the event that a new member is required the Board will assess the skills requirements needed to compliment the current Board skills. The Board will also consider policies, including the Diversity Policy, to ensure that a new board member has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

### **2.2 Board Skills**

The board currently consists of persons from a variety of professional backgrounds. The Board considers that a diverse range of skills and experience is required to effectively govern the Company. The Company has identified skills and attributes important to the Company at its current stage and in consideration of its future needs. The skills, experience and expertise relevant to the position of each director who is in office at the date of this report and their term of office are detailed in the Management Information Circular which forms part of the notice of meeting.

These skills are as follows:

<b><u>Management &amp; Leadership</u></b>	Total
Board experience	4
Leadership	5
Negotiation	5
Strategy	5
Government Relations	4
<b><u>Exploration and Mining</u></b>	
Exploration sector	5
Feasibility and project construction	4
Mining operations	4
Copper gold experience	4
Other commodities	5
Landholder and indigenous relations	3
Health & Safety	3
<b><u>Finance</u></b>	
Capital Raising	4
Investor relations	3
<b><u>Corporate</u></b>	
Audit & Accounting	4
Risk management	5
Governance & Compliance	5

Skills were self-assessed by each Director. The table above has been completed on the basis of each individual attribute out of 5 Directors.

Board composition will be reviewed periodically either when a vacancy arises or if it is considered that the board would benefit from the services of a new director, given the existing mix of skills and experience of the board which should match the strategic demands of the Group.

### **2.3 Independence**

At the date of this Report, the Board is composed of five directors, the majority of which are independent. Three directors, Cameron McRae, Ray Nadarajah and John Holliday, are considered by the Board to be independent in accordance with regulatory requirements in Canada and the ASX Corporate Governance Principles and Recommendations. National Instrument 52-110 *Audit Committees* (“NI 52-110”), which instrument provides that a director is “independent” if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Sam Spring (President

& CEO) is a member of senior management and accordingly is not considered to be independent. Lewis Marks represents a substantial shareholder and is therefore not considered independent.

The length of service of each director is disclosed in the Management Information Circular.

In assessing director independence and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. The Company's Corporate Governance Charter sets out the applicable considerations in determining whether a director is 'independent'. When determining the independent status of a director the Board considers a number of factors including the level of the director's shareholding of the Company or whether the director is, or has been employed in an executive capacity by the Company or whether the director has, or has had, any material relationships with the company in terms of consulting, supply of good or services or any other material contractual relationship with the Company or another group member other than as a director.

Directors receive performance based remuneration in the form of options under the 2019 Share Option Plan and equity based remuneration, however, the Board has determined that directors' existing holdings do not interfere with directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the personal interests of a director or any other party.

#### **2.4 Majority of the Board Independent**

The Board considers that three of the five Directors are independent.

#### **2.5 Independent Chairman**

The chair of the Board is Cameron McRae, an independent director.

#### **2.6 Director Induction and Professional Development**

The Company has a program for inducting new directors. The induction program covers all aspects of the Group's activities.

As part of the Board Performance review process the applicability of professional development courses are considered. Also periodically, management prepares additional educational sessions for directors on matters relevant to the Company and its business plan and risk profile, and to the statutory and other regulatory regimes having jurisdiction over the Company, its business and operations, its continuous disclosure compliance and its corporate governance structure.

The following items are available on the corporate governance section of the Company's website:

- Corporate Governance Charter,

### **Principle 3 - Instil a culture of acting lawfully, ethically and responsibly.**

#### **3.1 Values**

The Company Values are highlighted in the Corporate Governance Charter.

The company and all employees strive to maintain these values in all business activities.

#### **3.2 Code of Conduct**

The Board has implemented a Code of Business Conduct which requires the highest business and personal ethical standards as well as to comply with all applicable laws and regulations.

The Code provides a framework for decisions and actions in relation to ethical conduct by Directors, officers, employees, advisers and consultants of the Company and sets out the principles covering appropriate conduct in a variety of contexts including conflicts of interest, use of inside information, protection and use of Company assets, accounting practices and fair dealing. In addition, the Code outlines the minimum standard of behaviour expected from the Company, the Board, officers and employees, including that each is to comply with all applicable laws, rules and regulations including insider-trading laws. The Board is to be informed of any material breaches of the code.

The Board considers that the Code of Business Conduct establishes the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholder and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

#### **3.3 Whistleblower Policy**

The Board has implemented a Whistleblower Policy which governs the process through which employees and others, either directly or anonymously, can report potential wrongdoings. In addition, this policy establishes a mechanism for responding to, and keeping records of, complaints from employees and others regarding such potential violations or concerns. The Board is to be informed of any material incidents under the Policy.

#### **3.4 Anti-bribery and Corruption Policy**

The Board has implemented an Anti-bribery and Corruption Policy which stresses the zero tolerance approach that the Company has in regards to these types of activities. Kincora stresses its commitment to doing business with integrity and full compliance with the laws in jurisdictions that it operates. The Board is to be informed of any material incidents under the Policy.

The Company's Code of Business Conduct, Whistleblower Policy and Anti-bribery and Corruption Policy is available on the corporate governance section of the Company's website.

## **Principle 4 - Safeguard the integrity of corporate reports**

### **4.1 Audit Committee**

The Board has established an Audit Committee. The role of the Audit Committee is to monitor and review the financial reporting process, the system of internal control and management of financial risks, the audit process and the Company's process of monitoring compliance with laws and regulations and its own code of business conduct. The Audit Committee is responsible for reviewing the Company's financial strategies, its financing plans and its use of equity and debt markets. In doing so, it has the power to conduct or authorise investigations into any matters within the scope of its responsibilities, and the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisers.

The Company is partially compliant with Recommendation 4.1 as the Audit Committee includes one executive director. Mr Spring (CA and CFA), as President and CEO is deemed not to be independent, but as having extensive commercial, accounting and financial backgrounds, it has been decided that he adds valuable skills to the Audit Committee.

At the date of this Report, the Audit Committee does not have a majority of independent directors with the membership of Mr Marks and Mr Spring not being classed as independent Directors. Mr Marks is determined as not independent because of being LIM Advisors (Kincora's largest shareholder) nominee, however, it has been decided that with his legal and commercial background he adds valuation skills to the Audit Committee and his nomination on behalf of a shareholder doesn't adversely impact his contribution to the Audit Committee. Mr Spring's addition to the committee is, for the reasons previously discussed considered to bring further valuable skills to the committee (especially as the number of total directors on the board is relatively small).

The Company believes that due to the size and scale of the Company's operations, the partial compliance with the recommendation will not be detrimental to the Company.

At the date of this Report, the Audit Committee

- consists of three members, being Ray Nadarajah, Lewis Marks and Sam Spring;
- includes one executive director (Mr Spring) and one non-executive, not independent director, (Mr Marks)
- does not have a majority of independent directors with the membership of Mr Spring and Mr Marks for the reasons previously discussed; and
- is chaired by Ray Nadarajah, an independent director who is not chair of the board.
- The relevant qualifications and experience of the members of the Audit Committee are shown in the Management Information Circular.

The Board has established a formal Audit Committee Charter setting out the Audit Committee's purpose and objectives, structure and procedures for inviting non-committee members to attend meetings.

Details of the number of Audit Committee meetings held and the attendance those committee meetings are shown in the Management Information Circular attached to the notice of meeting.

#### **4.2 CEO & CFO declaration**

The Board receives assurance in writing from the chief executive officer and chief financial officer each time the company financial statements are issued on a quarterly and annual basis that, to the best of their knowledge, the financial statements fairly present in all material respects the financial performance of the company. The declaration also states that, in their opinion the financial records of the company have been properly maintained that the records are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### **4.3 Integrity of unaudited interim financial statements**

Interim periodic financial statements and reports that are not audited or reviewed by the auditors are jointly reviewed for accuracy by both the Chief Financial Officer and Chief Executive Officer.

The Audit Committee Charter is available on the corporate governance section of the Company's website.

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

#### **5.1 Continuous Disclosure Policy**

The Company has established a Continuous Disclosure Policy containing details designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for such compliance. The focus of the procedures set out in the Policy is on timely, factual and accurate disclosure and disclosure in accordance with all applicable legal and regulatory requirements, and on preventing the emergence of a false market.

#### **5.2 Board Receipt of Market Announcements**

The board receives copies of all material market announcements promptly after they have been made.

#### **5.3 Presentation materials**

A copy of any new and substantive investor or analyst presentation is released on the ASX Market Announcements Platform ahead of the presentation.

The Company's Continuous Disclosure Policy is available on the corporate governance section of the Company's website.

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

### **6.1 Website**

The Company's website [www.kincoracopper.com](http://www.kincoracopper.com) is constantly updated with market announcements as they are released.

Information about the Company projects, corporate background and corporate governance policies are all maintained on the website.

### **6.2 Investor Relations**

The Company has an investor relations program and adopted a Shareholder Communication Policy, which outlines the methods and purposes of a company's communication with its shareholders.

The Company posts public announcements, shareholder presentations, investor related information including notices of shareholder meetings on the Company's website and social media, such as Kincora Twitter and LinkedIn accounts.

Shareholders can add their details on the website to join the company database where press releases are sent directly to shareholders.

The direct phone number of the CEO and contact email address is published on press releases so that shareholders can communicate directly with senior management.

### **6.3 Shareholder participation at meetings**

Shareholders are encouraged to attend meetings or, if unable to attend, to vote on the resolutions proposed by appointing a proxy.

The Board considers that the Shareholders Communication Policy promotes effective communication with shareholders and encourages shareholder participation at general meetings.

### **6.4 Substantive matters by poll**

At a meeting of security holders all substantive resolutions are decided by a poll rather than by a show of hands.

### **6.5 Shareholder electronic communications.**

Shareholders can register on the Kincora website to receive press releases directly from the company. Shareholders are also encouraged to register with the Company's share registry in order to receive shareholder related information electronically.

The Company's Shareholder Communication Policy is available on the corporate governance section of the Company's website.

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

### **7.1 Risk Committee**

The Board does not have a committee to oversee risk however has adopted a Risk Management Policy, which sets out the Company's risk management system and processes. The roles and responsibilities of a Risk Committee are currently overseen by the full Board.

Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control and that the entity is operating with due regard to the risk appetite set by the board.

### **7.2 Review of Company Risk Management Framework**

The Board delegates day-to-day management of risk to the chief executive officer, who is responsible for identifying, assessing, monitoring and managing risks. The chief executive officer is also responsible for updating the Company's risk management framework to reflect any material changes, with the approval of the Board. In fulfilling the duties of risk management, the chief executive officer may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems.

In order to ensure that the Risk Management Framework is sound and principal business risks borne by the Company are appropriate, the Board receives and comments on periodic reports from management on operations, and discussions often include questions concerning the risks and risk management of certain proposed strategies. Management has reported to the Board as to its assessment of the effectiveness of the Company's management of its material business risks.

### **7.3 Internal audit function**

The Company does not have an internal audit function and believes it is not of a size that warrants an internal audit function. However, the Audit Committee, Board and Management maintain the required level of assurance through a sound system of internal controls which is monitored by the Audit Committee and the internal processes governed by the Risk Management Policy.

### **7.4 Material exposure to environmental and social risks**

The main risks which the Company is exposed to are those inherent in the industry in which it operates. As a mineral explorer, the Company may be exposed to economic downturn or fluctuations in commodity prices, changes to government regulations or environmental operating risks. These risks are managed through the internal control and risk management framework overseen by the directors. The company mitigates the risks by ensuring exploration work is undertaken to the highest level of environmental and health & safety standards, including compliance with all applicable laws.

The Company's Risk Management Policy and Audit Committee Charter are available on the corporate governance section of the Company's website.

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

### **8.1 Remuneration Committee**

The Board has established a Remuneration Committee.

The Company's Committee Charter mandates that each member of the Committee shall meet the independence requirements of Canadian securities laws and the TSXV.

The Company is partially compliant with Recommendation 8.1 of the ASX as the Compensation Committee consists of two members: Ray Nadarajah and Cameron McRae, each of whom is a non-executive and independent director. This is less than the ASX Corporate Governance recommendations that the committee consist of at least three Directors.

Due to the small size and operations of the Company the Board considers that two members is adequate at this stage however this will be monitored and as the scale of operations increase the Board will consider increasing the committee membership.

All Committee members are considered to be independent directors. Ray Nadarajah acts as the independent chair, a director who is not chair of the Board. The number and attendance of meetings are detailed in the Management Information Circular attached to the notice of meeting.

### **8.2 Remuneration Policy**

The non-executive directors of the Company receive an annual fee plus additional amounts for membership of board committees. The non-executive directors may also participate in the corporate stock option plan. There are no schemes for retirement benefits for non-executive directors.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. A portion of the base salary is paid in cash and a portion in Company shares. This cash plus shares arrangement is approved by shareholders in general meeting. Long-term performance incentives may include options.

Further discussion regarding compensation structures is disclosed in the Management Information Circular attached to the notice of meeting.

As the Company is incorporated in Canada, it is not required to comply with section 300A of the Corporations Act or Accounting Standard AASB 124 Related Party Disclosures. The Company is however required under Canadian law to provide details on director and senior executive compensation arrangements and these details can be found in the Management Information Circular. Whilst these disclosures are not the same as would otherwise be disclosed if the Company were incorporated in Australia and regulated by the Corporations Act, the Company regards such disclosures as providing shareholders with an appropriate level of information.

### **8.3 Hedging against equity options prohibition**

The Company has a policy to prohibit participants in the equity-based remuneration scheme from engaging in transactions designed to hedge or offset a decrease in the

market value of equity-based compensation or other Company securities which are held directly or indirectly by them. This is included in the Company Trading Policy.

The Company's Remuneration Committee Charter, the Remuneration Policy and the Company Trading Policy are available on the corporate governance section of the Company's website.

### **Additional recommendations that apply only in certain cases**

#### **9.2 Company meetings held offshore**

Kincora holds its meetings of security holders in Canada where the corporation is incorporated. Generally the meetings will be held near the end of the business day in Canada, which is early morning in Australia.

#### **9.3 Auditor attends AGM**

The external auditor is requested to attend the Annual General Meeting of shareholders. The Chairman will permit shareholders to ask questions of the auditor which concern the conduct of the audit and preparation of the Audit Report.