

GEOPACIFIC RESOURCES LIMITED

ACN 003 208 393
and controlled entities

ASX code: GPR

2019 Corporate Governance Statement

GEOPACIFIC RESOURCES LIMITED CORPORATE GOVERNANCE STATEMENT 2018

This Corporate Governance Statement is current as at 26 March 2020 and was reviewed and approved by the Board of Directors on that date.

The Statement is designed to set out the key features of the corporate governance framework that Geopacific Resources Limited (Geopacific or the Company) has established. The Company's corporate governance practices reflect the commitment of the Board of Directors to implement the highest standards of ethics, integrity, legal and statutory compliance.

In establishing the corporate governance framework of the Company, the Board has adopted, where appropriate, practices consistent with the ASX Corporate Governance Council's *Principles and Recommendations* (3rd Edition).

Where after consideration, the Company's corporate governance practices depart from the recommendations, this statement provides an explanation for the adoption of an alternative practice in compliance with the "if not, why not" reporting regime. All practices, unless otherwise stated, were in place for the entire reporting period ended 31 December 2019.

The Company will address the 4th edition of the *Principles and Recommendations* in an appropriate manner when it comes into effect for the first financial year commencing after 1 January 2020.

All Policies and Charters referred to in this Statement are available in the Corporate Governance Page on the Company's website www.geopacific.com.au.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1.

A listed entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

The Board is responsible for the overall performance of the Company, monitoring financial performance, reviewing and monitoring systems of risk management and internal control, overseeing the corporate governance of the Company and monitoring the implementation of the Company's code of conduct, policies and charters that reflect the values of the Company and guide the conduct of its Directors and employees.

The Managing Director, supported by senior management, is responsible for the management of the day-to-day activities of the Company and in addition is responsible for advancing the strategic direction of the Company as set and monitored by the Board.

The Company has established respective roles and responsibilities of its Board and management, including matters expressly reserved to the Board and those delegated to management. The roles and responsibilities of the Board and management are further described and documented in the Company's *Board Charter*.

Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.

A profile of each Director is included in the Company's Annual Report and the Company ensures that all information in its possession relevant to a Shareholder's decision on whether to elect or re-elect a Director is provided in the relevant Notice of Meeting. This recommendation is adopted in section 2.2 of the Company's *Board Charter*.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All Directors and Senior Executives of the Company have entered into written agreements. Directors and Senior Executives are provided with a formal letter of appointment that sets out the terms and conditions of their appointment including their duties, rights and responsibilities.

Recommendation 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 Company Secretary is appointed by the Board and has a dual reporting function to the Managing Director and the Board. The Company Secretary has a direct line of communication with the Chairman and all Directors on all matters to do with the functioning of the Board. The responsibilities of the Company Secretary are outlined in the Company's *Board Charter*.

Recommendation 1.5

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and disclose 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:
 - (i) 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
 - (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under the Act.

The Company's *Diversity Policy* is applicable to all Company Directors, Officers and employees and includes, but is not limited to, factors such as gender, age and ethnicity.

The *Diversity Policy* provides the opportunity for the Board and relevant Committees to set measurable objectives for achieving gender diversity and to annually assess the objectives and progress in achieving those objectives. During the reporting period, no measurable objectives were set. The Board considered it to be impractical to set measurable objectives given the size and nature of the organisation.

The proportion of women on the Board, in Senior Executive positions and across the whole organisation as at 31 December 2019 are displayed in the table below:

Category	Proportion of Women	
	By Number	By Percentage
Whole Organisation	11 out of 80	14%
Senior Executive Positions	0 out of 4	0%
Board	0 out of 5	0%

A Senior Executive comprises the senior management team and is delegated tasks by the Managing Director to whom they report to directly. A Senior Executive has authority to materially influence the strategy, direction and operation of the Company's performance.

Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The process of periodic evaluation of the Board, Board committees and individual Directors is outlined in the Company's *Board Charter*.

The Board will arrange for a performance evaluation of itself, its Committees and individual Directors to be conducted on an annual basis. The review is based on the achievement of key goals for the Board and individual Directors. The goals are based on key corporate requirements and any areas for improvement that may be identified.

The Board considers the outcomes of the reviews in a dedicated meeting, designed to develop a series of actions and goals to guide improvement. It is the Chairman's role to provide each Director with confidential feedback on his or her performance.

An evaluation did not take place during the 2019 reporting period due to the significant change in the composition of the Board that occurred during the year.

Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The process of periodic evaluation of Senior Executives is disclosed in the Company's *Board Charter*.

All Senior Executives of the Company are subject to an annual performance evaluation. Senior Executives (including the Chief Executive Officer) have a set of performance targets which are set by the Board, that are designed to align to the creation of sustained shareholder value.

An informal assessment of progress is carried out throughout the year. A full evaluation of the Executive's performance against the agreed targets takes place annually. This will normally occur in conjunction with goal setting for the coming year.

During the reporting period an evaluation of Senior Executives took place in accordance with the process disclosed in the Company's *Board Charter*.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director;
 - (iii) and disclose:
 - i. the charter of the committee;
 - ii. the members of the committee;
 - iii. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose the fact and the process 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.

Due to the size and composition of the Board, the Company has not established a Nomination Committee. The board considers that the establishment and operation of a separate Nomination Committee would not provide any additional benefits. Therefore, the Board currently undertakes the role of the Nomination Committee.

The Board has adopted a *Nomination Committee Charter* and a *Remuneration Committee Charter*. The *Nomination Committee Charter* addresses the processes employed to address board succession issues, to ensure an appropriate balance of skills, knowledge, experience, independence and diversity to enable the Board to discharge its duties and responsibilities effectively.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board is of the opinion that having a diverse mix of experience, skills and knowledge is critical to deliver the Company's strategy.

The table below outlines the key skills required to deliver the strategy, together with the skills brought by the Company's Directors:

Key Skills Required	Relevant Experience	
	Executive Director	Non-Executive Directors
Corporate Governance	1	3
Geology	1	-
Project Development	1	2
Mining	1	2
Risk Management	1	3
Investor Relations	1	3
Corporate Transactions	1	3
Construction Management	1	2
Operations Management	1	3
Project Funding	1	3
Treasury	-	2
Accounting	-	2
Health and Safety	1	3
Environmental	1	2

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

The Board currently consists of one Executive Director (Managing Director) and three Non-Executive Directors (including the Chairman). The table below outlines independent Directors of the Board and for each of those directors, their relevant period in office:

Name	Role	Period in Office
Ian Clyne	Independent Non-Executive Chairman	< 4 years
Colin Gilligan	Independent Non-Executive Director	< 2 years
Ian Murray	Independent Non-Executive Director	< 1 year

The independent Directors listed above collectively hold an interest in the Company of less than 1% as at the date of reporting. The Board is of the view that this does not compromise the independence of the Directors.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

As at 31 December 2019, three out of the four Directors, were independent.

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.

The Chair of the Board, Mr Ian Clyne, is an Independent Non-Executive Director.

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 their skills and knowledge needed to perform their role as directors effectively.

The Company has a program for the induction of new directors who are appointed to the Board. This includes an appointment letter, which sets out the director duties and responsibilities, as well as providing the new director with access to the companies' staff and the Company Secretary.

The aim of the program is to enhance competency levels and provide ongoing education relevant to their position to be able to participate fully and actively in Board decision making.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1

A listed entity should disclose:

- (a) a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The Company has established a *Code of Conduct* for its Directors, Senior Executives and employees. A copy of the *Code of Conduct* is available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
 - (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
 - i. the charter of the committee;
 - ii. the relevant qualifications and experience of the members of the committee; and
 - iii. in relation to each reporting period the number of times the committee met through the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and rotation of the audit engagement partner.

The Board has established an *Audit & Risk Committee Charter* which recommends the establishment of an Audit and Risk Committee comprising of at least two independent non-executive directors. At reporting date, the Company's Audit and Risk Committee was comprised of three Independent Non-Executive Director's as outlined in the table below:

Name	Audit and Risk Committee Role	Board Role
Ian Murray	Chair	Independent Non-Executive Director
Ian Clyne	Member	Independent Non-Executive Chairman
Colin Gilligan	Member	Independent Non-Executive Director

The *Audit & Risk Committee Charter*, which is available on the Company's website, outlines the Committee's role and responsibilities. It discloses the processes the Committee employs to 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.

The Audit & Risk Committee met twice during the reporting period. All directors who were eligible to attend at the time of the meetings were present.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating efficiently.

Prior to approving the accounts for a relevant period, the Board receives a declaration from the Managing Director and Chief Financial Officer pursuant to section 295A of the *Corporations Act 2001*.

The declarations assure the Board that the risk management and internal compliance and control systems are operating efficiently and effectively in all material aspects.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company's external auditor, Ernst & Young, is invited to attend Annual General Meeting of the Company and shareholders are provided with an opportunity to address questions to the auditor in relation to the conduct of the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1

A listed entity should:

- (a) Have a written policy for complying with its disclosure obligations under the Listing Rules; and
- (b) Disclose that policy, or a summary of it.

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. The Company's *Continuous Disclosure Policy* is available on the Company's website.

The *Continuous Disclosure Policy* aims to keep the market fully informed of information which may have material effect on the price or value of the Company's securities and to correct any material mistake or misinformation in the market.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company's website www.geopacific.com.au is the primary means to provide information regarding the Company and details pertaining to its governance.

Details of the Company's governance are provided on the Corporate Governance page and include links to key policies, procedures and charters.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Board aims to ensure that shareholders are informed of all major developments regarding the Company and its projects. The Company has established a *Continuous Disclosure Policy* and a *Shareholder Communications and Investor Relations Policy* that guide the activities of the investor relations program.

Both Policies work in conjunction to facilitate effective two-way communication between the Company and its stakeholders. Copies of these policies are available on the Company's website.

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.

The Company encourages full participation of shareholders at the General Meetings of the Company and the Chair provides all members a reasonable opportunity to ask questions or make comments on the management of the Company

Shareholders are encouraged to attend meetings in person and they are also given the opportunity to appoint a proxy, attorney or representative to vote on their behalf on the resolution(s) proposed at the relevant meeting.

The *Shareholder Communications and Investor relations Policy* discloses processes the Company has in place to facilitate and encourage participation at meetings of security holders.

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.

The Company gives Security holders the option to receive and send communications from, and send communications to, the entity and its security registry electronically.

The Company provides functionality on its website to enable security holders to receive Company communications via email. The website also provides contact details for both the Company and its Share Register to enable assistance any queries a security holders may have.

The Company Secretary is the Company's contact point with stakeholders and is available to assist in facilitating effective two-way communication.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - (i) has at least three members a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose;
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose the fact and the processes it employs for overseeing the entity's risk management framework.

The Board has established an *Audit & Risk Committee Charter* which recommends the establishment of an Audit and Risk Committee comprising of at least two independent non-executive directors. At reporting date, the Company's Audit and Risk Committee was comprised of three Independent Non-Executive Director's as outlined in the table below:

Name	Audit and Risk Committee Role	Board Role
Ian Murray	Chair	Independent Non-Executive Director
Ian Clyne	Member	Independent Non-Executive Chairman
Colin Gilligan	Member	Independent Non-Executive Director

The *Audit & Risk Committee Charter* is available on the Company's website and discloses the processes it employs to oversee the entity's risk management framework. The Committee monitors and reviews the integrity of financial reporting and the Company's internal systems of financial control and risk management.

The *Board Charter* also discloses the processes employed by the Board who is charged with overseeing, reviewing and ensuring the integrity and effectiveness of the Company's risk and compliance systems.

The Audit & Risk Committee met twice during the reporting period. All members, listed above, were present.

Recommendation 7.2

The board or a committee of the board should:

- (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) Disclose, in relation to each reporting period, whether such a review has taken place.

The Audit & Risk Committee met twice during the reporting period. All directors who were eligible to attend at the time of the meetings were present.

Recommendation 7.3

A listed entity should disclose:

- (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, the fact and processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company does not currently have a formal internal audit function. The Audit & Risk Committee and the Board oversee the effectiveness of the Company's risk management and internal control processes.

The *Audit & Risk Committee Charter* outlines action points for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company recognises the importance of identifying and managing risks by ensuring appropriate control measures are in place. During the reporting period, the Company established an Enterprise Risk Management Framework to ensure a consistent and structured approach is applied to risk management.

The Enterprise Risk Management Framework was established with reference to the Australia/New Zealand Standard for Risk Management (AS/NZ ISO 31000:2009) and associated Guidelines (HB 436:2013). The Enterprise Risk Management Framework outlines the overall risk management process, including the risk assessment criteria which will be used to identify and evaluate material risks.

The Enterprise Risk Management Framework is governed by the Risk Management Policy which was also adopted during the reporting period.

The Company acknowledges that its material risk exposures are dynamic and evolving commensurate with the activities being undertaken.

At the date of this report, the Company has identified the following material exposures:

Risk	Description	Risk Management Approach
Equity market related risks	Inability to source timely access to equity funding	The Company maintains tight control of future commitments and expenditure. The Company also maintains good relationships with its shareholders and equity market participants.
Foreign currency market related risk	Adverse foreign currency movements	The Company operates in a number of overseas jurisdictions and has exposure to a range of foreign currencies. The Company manages its foreign currency exposure by, where possible, matching its cash holdings to its forecast underlying foreign currency expenditure requirements.
Operational risk	Events impacting on operations including health and safety	The Company operates in remote locations with activities incorporating light and heavy vehicle interactions. The Company runs training programs for staff and education programs in the local community to ensure safe operation and where possible, minimise the interaction between machines and people.
Supply chain and logistics risk	Events impacting on the supply chain	The Company manages this risk by identifying key items of inventory including fuel, food and spare parts. The company closely monitors these key items and carries appropriate minimum inventory levels to ensure operations are not interrupted.
Aviation risk	Site access via charter flights	Site access for personnel is predominantly via chartered aircrafts. This risk is managed by ensuring only high quality licenced aviation operators are selected.
Exploration risk	Exploration efforts are unsuccessful	The Company follows a systematic exploration approach and utilises technical experts and new technologies to assess its projects and the results of its exploration.
Mineral Resource and Ore Reserve Estimation	Accuracy of estimates	The Company's Mineral Resource and Ore Reserve estimations have been completed by independent third parties and subject to review by independent technical experts.
Environmental and social risks	Non-compliance with environmental, native title, heritage and/or landholder requirements	The Company has agreements in place with the relevant stakeholders and undertakes routine monitoring activities to ensure compliance.
Sovereign risks	Exposure to sovereign risk across the Company's operations in Papua New Guinea, Cambodia and Fiji	The Company maintains regular communications with relevant Government departments and participates in industry lobby groups in key operational jurisdictions.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1

The board of a listed entity should:

- (a) have a remuneration committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose:
 - i. the charter of the committee;
 - ii. the members of the committee; and
 - iii. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for settling the level and composition of remuneration for directors and senior executives and ensuring that such remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Due to the size and nature of the Board, the Company has previously chosen not to establish a Remuneration Committee and the function has been handled by the Board. The Company has established a *Remuneration Committee Charter* which outlines the process it employs for setting the remuneration of Directors and Senior Executives and ensuring that such remuneration is appropriate.

In February 2020, following the end of the 2019 reporting period, the Board resolved to form a Remuneration Committee.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The *Remuneration Committee Charter* separately discloses the Company's policies in relation to the remuneration of Non-Executive Directors and the remuneration of Executive Directors.

The Company's remuneration report for the 2019 reporting period is available in the Company's financial accounts for year end 31 December 2019.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

The *Remuneration Committee Charter* discloses guidelines on the Company's equity-based remuneration scheme for Executive and Non-Executive Directors.

The Company's *Securities Trading Policy* prohibits participants of the equity based schemes from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any such equity based remuneration scheme.