



VENUS METALS
CORPORATION LIMITED

CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

The Group has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (**Principles & Recommendations**), the Group has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Group's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Group's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Group's corporate governance practices may be found on the Group's website at www.venusmetals.com.au, under the section marked "Group - Corporate Governance".

The Group reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2016/2017 financial year (**Reporting Period**).

Board

Principle 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.1

The Group has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

Recommendation 1.2

The Board undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the *Group's Policy and Procedure for the Selection and (Re) Appointment of Directors* which is disclosed on the Group's website.

Recommendation 1.3

The Group has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Group has entered into with any director or senior executive has been disclosed in accordance with ASX Listing Rule 3.16.4.

Recommendation 1.4

The Group Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the *Board Charter*.



Recommendation 1.5

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at 30 June 2017 was as follows:

Women employees in the whole organisation	38%
Women in Senior Executive positions	0%
Women in the Board of Directors	0%

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Group has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Group, the Board does not deem it practical to limit the Group to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

Recommendation 1.6

The Chair is responsible for the performance evaluation of the Board and, when deemed appropriate, the Board committees and individual directors.

Each of the directors (including the Chair) completes a questionnaire and the Chair discusses the responses to the questionnaire with the Board on a round-table basis. The Chair is reviewed on this basis by the rest of the Board.

During the Reporting Period, an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed above.

Recommendation 1.7

The Chair is responsible for evaluating the performance of the Group's Chief Executive Officer.

The evaluation is conducted at the time of the executive's annual remuneration review and involves an interview with the Chair to discuss performance against the Chief Executive Officer's contract with the Group. The Chair also evaluates the performance of the Chief Executive Officer on an ongoing basis via informal discussions about performance.

During the Reporting Period a performance evaluation of the Chief Executive Officer took place in accordance with the process disclosed above.

Principle 2 – Structure the Board to Add Value

Recommendation 2.1

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the



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Nomination Committee it carries out those functions which are delegated to it in the Group's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Nomination Committee, has not held any meetings during the Reporting Period.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. A copy of the Nomination Committee Charter is available on the Group's website

Recommendation 2.2

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the Board's current composition.

Set out below are details of the members of the Board during the Reporting Period and their specific skills:

Mr Terence Hogan (Non-executive Director)

Corporate finance – experience in strategy and business development, commercial acumen, executive leadership

Mr Matthew Hogan (Non-executive Chairman)

Corporate finance – experience in project identification and acquisition, strategy and business development, commercial acumen

Mr Kumar Arunachalam (Executive Director/CEO)

Geologist – experience in planning and managing mineral exploration projects.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. During the Reporting Period, the sole independent director of the Group was Terence Hogan. Mr Hogan has been a non-executive director since 2007.

The Board has considered Mr Hogan's independence, and notwithstanding his length of service on the Board, the Board considers that Mr Hogan is sufficiently independent because he is not a member of management, he is free of any business or other relationship that could materially interfere with the independent exercise of his judgement and consistently makes decisions that are in the best interests of the Group. Accordingly, the Board considers Mr Hogan to be an independent director.

The length of service of each director is set out in the Directors' Report.

Recommendation 2.4

The Board does not have a majority of directors who are independent. The Board considers that its composition is appropriate for the Group's circumstances and includes an appropriate mix of skills and expertise relevant to the Group. The Group gives consideration to the balance of independence on the Board, and will continue to review its composition.



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Recommendation 2.5

During the Reporting Period, the Group did not have an independent Chair. The non-independent Chair of the Board is Matthew Hogan. The Board believes that Mr Hogan is the most appropriate person for the position of Chair because of his industry experience and knowledge. Mr Hogan's recent employment with the Group in an executive capacity is the only factor that precludes him from being considered independent. The Board believes that Mr Hogan makes decisions that are in the best interests of the Group.

The Chief Executive Officer of the Group is Mr Kumar Arunachalam.

Recommendation 2.6

The Group has not appointed any new directors since July 2011. Given the size of the Group there is no formal induction process for new directors. The Board considers that if any new director is to be appointed, that new director will be provided with a personalized induction dependent upon the skills, experience and knowledge of the Group that the new director possesses.

Principle 3 – Act Ethically and Responsibly

Recommendation 3.1

The Group has established a Code of Conduct as to the practices necessary to maintain confidence in the Group's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Group's Code of Conduct is available on the Group website.

Principle 4 – Safeguard Integrity in Corporate Reporting

Recommendation 4.1

The Board has established an Audit Committee and adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

The members of the Audit Committee are the Company's two non-executive directors, Terence Hogan (Chair) and Matthew Hogan and the Company Secretary, Dean Calder.

The Audit Committee has only recently been established. Previously, the full Board performed the function of the Audit Committee and two meetings were held during the Reporting Period.

All members of the Audit Committee consider themselves to be financially literate and have an understanding of the industry in which the Group operates.

Recommendation 4.1 (Continued)

The Group has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Group's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.



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The Group's Audit Committee Charter and the Group's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Group's website.

Recommendation 4.2

The Chief Executive Officer / executive Director declared in writing to the Board that the financial records of the Group for the financial year have been properly maintained, the Group's financial reports for the financial year ended 30 June 2017 comply with accounting standards and present a true and fair view of the Group's financial condition and operation results. The statement is required annually.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Group's auditor is required to attend the Group's annual general meeting at which the audit report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and who is in a position to answer questions about the audit. Each year, the Group writes to the Group's auditor to inform them of the date of the Group's annual general meeting. In accordance with section 250S of the Corporations Act, at the Group's annual general meeting where the Group's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Group in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Group's auditor, Stantons International attended the Group's annual general meeting held on 28 November 2016.

Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1

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

Principle 6 – Respect the Rights of Security Holders

Recommendation 6.1

The Group provides information about itself and its governance to security holders via the Investor Centre on its website at www.venusmetals.com.au as set out in its *Shareholder Communication Policy*.

Recommendation 6.2

The Group has implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the *Shareholder Communication Policy*.

Recommendation 6.3

The Group has in place a *Shareholder Communication Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meeting of shareholders.



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Recommendation 6.4

Shareholders are given the option to receive communications from, and send communications to, the Group and its share registry electronically. The contact details of the Group and its share registry are available on the website at www.venusmetals.com.au. Further, shareholders may register to receive ASX Announcements through the website.

Principle 7 – Recognise and Manage Risk

Recommendation 7.1

The Board has adopted a Risk Management Policy, which sets out the Group's risk profile. Under the policy, the Board is responsible for approving the Group'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.

Under the policy, 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 Group's material business risks 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 Group employees, contractors and records and may obtain independent expert advice on any matter he/she deems appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Group's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Group to establish and maintain its governance practices.

The Group considers the following categories of risk to have a material effect impact its business and hence are included in the Group's risk profile.

- Market-related;
- Financial reporting;
- Operational;
- Environmental;
- Sustainability;
- Occupational Health & Safety;
- Ethical conduct;
- Reputation; and
- Legal and Compliance.

Recommendation 7.2

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Group's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Group's management of its material business risks for the Reporting Period.



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The Chief Executive Officer has provided assurance in writing to the Board that the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist Directors to disclosed potential conflict of interest.

Where the Board believes that a significant conflict exists for a Director on a board matter, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

A summary of the Group's *Risk Management Policy* is available on the Group's website.

Recommendation 7.3

The Group does not have an internal audit function. To evaluate and continually improve the effectiveness of the Group's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Group's *Risk Management Policy*.

Recommendation 7.4

Using its risk management framework, the Board has identified the following risk categories – liquidity, strategic risk, operational, environmental, compliance, human capital, workplace, health and safety, financial reporting, market and commodity related.

As the Group is not in production nor has any major operations, the Group has not identified any material exposure to any economic, environmental and/or social sustainability risks.

However, the Group does have a material exposure to the following economic risks:

Economic risk type	Mitigation strategies
Market risk – movements in commodity prices	The group manages its exposure to market risk by monitoring market conditions and making decisions based on industry experience.
Future capital – cost and availability of funds to meet the Group's business needs	The Group monitors its cash reserves and manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the group's current and future operations.



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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1

The Board has established a Remuneration Committee. The members of the Remuneration Committee are the Group's two non-executive directors, Terence Hogan (Chair) and Matthew Hogan and Company Secretary, Dean Calder.

There have not been any meetings of the Remuneration Committee as yet as it has only recently been established.

The Board has adopted a *Remuneration Committee Charter* which describes the role, composition, functions and responsibilities of the Remuneration Committee, a copy of which is disclosed on the Group's website.

Recommendation 8.2

Details of remuneration, including the Group's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 20 of the Group's 2017 Annual Report. The Group has not adopted a policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Group's financial statements as it does not currently pay performance based remuneration.

Recommendation 8.3

The Group's *Policy for Trading in Group Securities* includes a statement of the Group's policy on prohibiting participants in the Group's Employee Share Option Plan (**Plan**) entering into transactions or arrangements which limit the economic risk of participating in the Plan.