

# Corporate Governance Statement

30 June 2019

The Board of Directors of Horizon Gold Limited (“the Board”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Horizon Gold Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company’s Corporate Governance Statement (“Statement”) outlines the main corporate governance practices which comply with the Australian Securities Exchange (“ASX”) Corporate Governance Council’s (“CGC”) Third Edition (March 2014) of the “Corporate Governance Principles and Recommendations (“the Recommendations”), unless otherwise stated.

In this Corporate Governance Statement, “Management Agreement” or “Agreement” means the 21 October 2016 agreement between the Company and Panoramic Resources Limited that commenced on 19 December 2016 (the day the Company was admitted to the Official List of ASX Limited).

As required under ASX Listing Rule 4.10.3, the Company makes the following Board approved disclosures in relation to each of the Recommendations as at 30 June 2019.

## **Principle 1: Lay Foundations for Management and Oversight**

### ***Primary Role of the Board***

The Board’s primary role is to provide overall strategic guidance and effective oversight of management. The Board is responsible to shareholders for the long-term performance of the Company and derives its authority from the Company’s Constitution (August 2016).

### ***Board Operation***

To ensure the Board is well equipped to discharge its responsibilities, the Board has adopted a formal Board Charter. The Board Charter details the Board’s role, authority, responsibilities, membership and operation and sets out the matters specifically reserved for the Board and the powers delegated to any of its Committees (if applicable) and to management. The Board has delegated responsibility for the day-to-day operations and administration of the Company to members of the “Executive Management Team”, meaning personnel from Panoramic Resources Limited (ACN 095 792 288) (“Panoramic”) under the Management Agreement between the Company and Panoramic.

The Board Charter can be viewed on the Company’s website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

### ***Board Processes***

The Board is responsible for the overall corporate governance of the Company including the strategic direction, establishing goals for the Executive Management Team and monitoring the achievement of these goals. The Board has established a framework for the management of the Company and its controlled entities, a framework which divides the functions of running the Company between the Board, the Chairman and the Executive Management Team. The Board has put in place a system of internal control, risk management and has the task of monitoring financial performance and the establishment of appropriate ethical standards. The agenda for meetings of the Board is set by the Chairman. Standard items include the project reports, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Members of the Executive Management Team are regularly involved in Board discussions.

The Company Secretary of the Company (and his Alternate) is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary (and his Alternate) is to facilitate and monitor the implementation of Board policies and procedures and is to provide advice to the Board on the application of the Board Charter, the Company’s Constitution, corporate governance matters under the Plan, ASX Listing Rules and other applicable laws.

### ***Roles of the Chairman and the Executive Management Team***

The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings, ensuring then approving that an accurate record of the minutes of board meetings is held by the Company and conducting the shareholder meetings. The Chairman is also currently the Managing Director of Panoramic and a member of the Panoramic Executive Management Team.

Currently, the Executive Management Team is responsible and accountable for the day to day running of the Company and for implementing the strategic objectives and operating within the risk appetite set by the Board. The services and remuneration of the Executive Management Team are provided under the Management Agreement between the Company and Panoramic. The services specified in the Agreement include technical, commercial, managerial and administrative expertise and services (“Services”).

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The Services to be provided and aggregated monthly charges payable by the Company under the Agreement were in place until 19 December 2018 (being the second anniversary of the day the Company was admitted to the Official List of ASX Limited). These services have been twice extended by mutual agreement as permitted under the Agreement and are currently due to expire on 20 December 2019. The Agreement can be terminated on three months' notice if 1) Panoramic holds less than 25% of the issued share capital in the Company, 2) the Company employs personnel to manage the Company and has no further need for any of the Services, 3) Panoramic is no longer in a position, in its sole and absolute discretion, to provide the Services under the Agreement, 4) if Panoramic is grossly derelict in the performance of the Services, and 5) a Change of Control or Insolvency Event occurs. Nothing in the Agreement prevents the Company from engaging the services of other parties for completion of some or all of the Services and the Agreement may be terminated if both parties agree in writing that the Agreement be ended, including the date it is to be ended. It is the ultimate responsibility of the Board to regularly review the performance of the Services being provided to the Company by members of the Executive Management Team under the Agreement and to ensure that individuals of the Executive Management Team have the appropriate mix of skills and resources to implement and achieve the Board's corporate and strategic objectives.

## ***Appointment of Directors and Management***

The Company has put in place an appropriate organisational and management structure commensurate with the Company's size and nature to ensure the day to day running of the Company is undertaken in an effective and efficient manner and to ensure the Company has the right mix of skills and resources to implement and achieve the Board's corporate and strategic objectives. The Board is to regularly review this structure to determine that it is appropriate and "fit for purpose" and if necessary make changes.

The directors have a clear understanding of their duties, roles and responsibilities and of the expectations of them, as contained within a written agreement agreed and signed by the Company and each director.

The Board will review its composition as required against the Company's Board skill matrix to ensure that the Board has the appropriate mix of qualifications, experience and expertise for which the Board is looking to achieve in its membership. Under the direction and supervision of the Chair, appropriate background checks will be undertaken of each candidate as to the person's character, experience, education, criminal record and bankruptcy history. Each incumbent director is encouraged and given the opportunity to meet with each candidate on a one to one basis. The full Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders. For the meeting, shareholders are given sufficient information of the new director, including but not limited to biographical details, other listed directorships currently held and in the case of a director standing for election for the first time, advice that appropriate background checks have been undertaken.

## ***Diversity Policy***

The Company has in place a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences, and perspectives, irrespective of gender, age, ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy.

Given the size of the Company, the Board has not determined measurable objectives on gender diversity across the workplace and at the Board level.

Pursuant to *Recommendation 1.5* of the Recommendations, the Company discloses the following information as at the date of this Statement:

- Percentage of women and men employed within the Group - women: nil; men: 100%;
- Percentage of women and men in a senior management position - women: n/a; men: n/a; and
- Percentage of women and men employed at the Board level - women: nil; men: 100%.

The Company has defined an employee who is in a senior management position as a person who is a "senior manager" as defined in *Section 9 (Definitions)* of the *Corporations Act 2001*, namely a person who is at the highest management level of the Company who "makes, or participates in making decisions that affect the whole, or a substantial part, of the business of the corporation; or has the capacity to affect significantly the corporation's financial standing". Currently, the roles of senior manager are being carried out by members of the Executive Management Team under the Management Agreement.

The Diversity Policy can be viewed on the Company's website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

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## **Performance Assessment of the Board, its Committees and Individual Directors**

Currently, there is no formal annual performance appraisal system in place for Board performance on a director by director basis. In the coming year, each Director performance will be discussed informally, whereby the performance of individual members and the performance of the Board as a whole, will be assessed. A standalone board performance review may be conducted.

## **Performance Assessment of Senior Executives**

Currently, the roles of senior manager/executive are being carried out by members of the Executive Management Team under the Management Agreement. It is the ultimate responsibility of the Chairman and the Board to regularly review the performance of the Services being provided to the Company by members of the Executive Management Team under the Agreement and to ensure that individuals of the Executive Management Team have the appropriate mix of skills and resources to implement and achieve the Board's corporate and strategic objectives.

## **Principle 2: Structure the Board to Add Value**

### **Board Composition**

The composition of the Board is determined using the following principles:

- The Board currently comprises three directors. Under Clause 14.1 of the Company's Constitution, this number may be increased to a maximum of nine directors where it is required due to a commercial alliance, or felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- The Board should comprise directors with a broad range of expertise with an emphasis on commercial, exploration, mining and project development related experience; and
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than a Managing Director, if applicable) are subject to re-election at least every three years. The tenure of the Managing Director (if applicable) is linked to their holding of executive office.

The name, position, independence classification, qualification, skills and length of service of each director of the Company in office at the date of the Statement is:

<b>Name</b>	<b>Position</b>	<b>Independence Classification</b>	<b>Qualification/Skills</b>	<b>Service (yrs)</b>
Peter J Harold#	Non-Executive Chairman#	Non Independent	Process Engineer, corporate and project development	3
Peter J Venn	Non-Executive Director	Independent	Geologist and general mining	3
Paul W Bennett	Non-Executive Director	Independent	Engineer, corporate and project development	3

# Peter J Harold is an executive director of Panoramic Resources Limited, a substantial shareholder holding more than 50% of the ordinary shares in the Company and, as a consequence, has been assessed as not being independent under the independence criteria detailed in Recommendation 2.3 of the Recommendations.

The Chair of the Board is Peter Harold, who has been assessed as not being independent under the Independence criteria detailed in Recommendation 2.3 of the Recommendations. As at the date of this statement, the Board believes that Peter Harold is the most appropriate person for the position of Chair because of his industry experience and knowledge of the Gum Creek Gold Project. The Board believes that Peter Harold makes decisions that are in the best interests of the Company. Mr Harold will not be present in Board meeting discussion for any matters concerning the Management Agreement, unless agreed by the independent directors, or eligible to vote on any matters concerned with the Management Agreement. The Company is aware that during the 12 months from 19 August 2019, Peter Harold will no longer be an executive director of Panoramic and as a result, will no longer be that Company's representative on the Board. The Company and Panoramic are currently in discussions as to the new Panoramic representative on the Board and as to the timing of his replacement to occur.

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### **Nomination Committee**

Due to the size of the Board, the Board has determined there are no efficiencies, at this time, of establishing a separate nomination committee. The functions of the nomination committee are performed by the Board as a whole, when required, using the principles for setting the composition of the Board as set-out in the Charter.

The roles and responsibilities conducted by the Board to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities include considering the size and composition of the Board, assessing and determining the independent status of each director, regularly determining whether each has enough time to commit to carry out his or duties responsibilities and implementing a plan for identifying, assessing and enhancing director competencies.

### **Directors' Independence**

The composition and independence of the Board is considered to be appropriate for a Company that has recently acquired an advanced exploration and development project. As at the date of this Statement, the majority of non-executive directors, namely Peter Venn and Paul Bennett, are considered independent of management, have no interest, position, association or material contractual relationship that would compromise their independence and directly or indirectly, individually hold less than 5% of the issued ordinary shares of the Company. The Independence Criteria detailed in *Recommendation 2.3* of the Recommendations in relation to each non-executive director is listed in Annexure A to the Board Charter and each director's independence is assessed on a regular basis against the Independence Criteria and the quantitative and qualitative Materiality Thresholds (listed in Annexure B of the Board Charter) when appropriate.

Where a director acquires an interest, position, association or relationship described in *Recommendation 2.3* of the Recommendations and exceeds the Materiality Thresholds set out in the Board Charter, the director must immediately declare the nature of the interest, position, association or relationship and the Board will determine whether to declare any loss of independence.

The Board will consider the following quantitative and qualitative materiality threshold tests and guidelines for assessing the materiality of matters:

- balance sheet items are material if they value of more than 5% of pro-forma net assets;
- profit and loss items are material if they have an impact on the current year operating result of 10% or more;
- items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or 10% or more on profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%; and
- contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the qualitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

### **Director Education**

The non-executive directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Company operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. Directors will visit the Gum Creek Gold Project at least once a year and will meet with members of the Executive Management Team on a regular basis to enable directors to maintain an understanding of the roles and responsibilities of executives and of the culture and values within the Company.

### **Conflict of Interest**

In accordance with *Section 191* of the *Corporations Act 2001* and Clause 16.16 of the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

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### ***Independent professional advice***

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of the advice received by the director is made available to all other members of the Board.

### ***Board Committees***

Due to the size of the Board, the Board has determined there are no efficiencies, at this time, of establishing separate committees of the Board. The functions of the nomination, remuneration, audit and risk committees are performed by the Board as a whole, when required, using the principles for each committee as set-out in the Charter.

### **Principle 3: Act Ethically and Responsibly**

All directors and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the performance and reputation of the Company and its controlled entities.

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

The Company has established a written Code of Conduct which outlines the culture, practices, expected conduct, values and behavior to be displayed by all employees in upholding the integrity, reputation and accountability of the Company and its controlled entities in the work environment and in the interactions with the Company's various stakeholders. Certain practices are necessary to comply with Federal and Western Australian State industrial legislation and the Corporations Law. The Code of Conduct has a clear responsibility and accountability of employees for reporting and investigating reports of unethical practices by reference to specific rules and policies such as the rules for trading in the Company securities, and on discrimination, harassment and bullying.

The Code of Conduct can be viewed on the Company's website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

### ***Trading in Company securities by directors, officers and employees***

The Company has in place a fit-for-purpose Share Trading Policy for the trading in Company securities by directors, officers and employees as required under ASX Listing Rule 12.12. The Policy is worded to ensure compliance with *Section 1043A* of the *Corporations Law (on insider trading)*, *Part 2D.1* of the *Corporations Act 2001 (on the proper duties in relation to the use of inside information)*, and ASX Listing Rules 3.19A, 12.9, 12.10, and 12.11 and updated Guidance Note 27 (July 2017). The Chairman (in the absence of a Managing Director) and the Company Secretary have been appointed to ensure that the following rules for the trading in Company's securities are strictly adhered to:

- Trading in Company securities is only permitted following the notification of the intention to trade by submitting a Notification Form with the Chairman and dealing is not to occur until a receipt of confirmation is received from the Chairman or, in the case of the Chairman, from the other non-executive directors;
- Trading in Company securities is prohibited at any time when in possession of unpublished information, which if generally available, might materially affect the price or value of those securities;
- Trading in Company securities is prohibited during specified prohibited periods, known as black-out periods;
- Active trading in Company securities, which involves frequent and regular trading in those securities with a view to derive profit related income from that activity, is prohibited;
- The entering into contracts to hedge exposure to equity-based remuneration, is prohibited; and
- Only in exceptional circumstances, can approval be obtained in advance from the Chairman, or in the case of a director, from the other directors, to trade outside the specified prohibited periods.

On an annual basis in December, the Company Secretary will circulate to all employees via email, the start and finish dates for the next calendar year's black-out periods. To monitor compliance with the policy and to give assurance to the Board on compliance with the rules of the Share Trading Policy, the Company Secretary keeps records of the confirmations permitting a trade in the Company's securities in strict adherence with the rules.

This Share Trading Policy can be accessed on the Company's website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

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### ***Discrimination, Harassment and Bullying Policy***

The Company is committed to providing a work environment that is safe, fair and free from discrimination, harassment and bullying for all employees of the Company. All employees are encouraged to follow adopted procedures allowing concerns or instances of illegal conduct or malpractice to be raised in good faith without being subjected to victimisation, harassment or discriminatory treatment, and to have such concerns or instances properly investigated. The policies (as part of the Code of Conduct) provide a mechanism by which all employees can confidentially report improper conduct without fear of discrimination. The policies on discrimination, harassment and bullying, which are contained in the Code of Conduct, can be viewed on the Company's website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

### ***Privacy Policy***

The Company has in place a Privacy Policy which deals with the collection, use, storage and disclosure of information of personal information about an individual who can be identified or who may be reasonably identified by the information. Where sensitive information is collected and stored, the information must not be collected unless the individual consents to collection and the Company is authorised to collect the information by law. The Policy sets out the obligations surrounding the integrity of personal information, security measures, how an individual can access their information and seek correction to it and make a complaint if necessary.

This Privacy Policy can be accessed on the Company's website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

### **Principle 4: Safeguard Integrity in Corporate Reporting**

The Chairman (who performs in this case the chief executive function as defined in *Section 295A* of the *Corporations Act 2001*) and Company Secretary (who performs in this case the chief financial officer function as defined in *Section 295A* of the *Corporations Act 2001*) are required to state in writing to the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. Pursuant to *Section 295A* of the *Corporations Act 2001*, the Chairman and the Company Secretary are required to provide written certification to the Board, at both the end of the Half-Year and the Full-Year reporting periods, that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

The Board reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy prior to their release to shareholders, investors and other public forums. There is regular communication between the Board, management and external auditor. In accordance with *Section 324DA* of the *Corporations Act 2001*, the audit partner of the external auditor is required to be rotated after five successive financial years. It is the role of the Board to select the new audit engagement partner as nominated by the external partner after considering each nominated individual's experience, reputation and independence.

In addition, in the absence of an internal audit function, the Board assists and assesses the adequacy of the Company's internal control and financial risk management systems, accounting and business policies.

Due to the size of the Board, the Board has determined there are no efficiencies, at this time, of establishing a separate audit committee.

In March 2017, the Board approved the "Horizon Board Audit Function Terms of Reference (March 2017)", which sets out the role and duties of the Board that would ordinarily be assigned to a committee under the written terms of reference (charter) for an audit committee.

The "Horizon Board Audit Function Terms of Reference (March 2017)" can be viewed on the Company's website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

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### **Principle 5: Make Timely and Balanced Disclosure**

#### ***Continuous Disclosure and Shareholder Communication***

The Company is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Law.

The Company has a Continuous Disclosure Policy that states that all shareholders and investors will have equal and timely access to the Company's information.

The Company has appointed the Company Secretary to oversee the continuous disclosure practices of the Company and its controlled entities. His responsibilities include:

- Reviewing all statutory regulatory or tender reports submitted to or made by the Company and its controlled entities, and to report or recommend to the Board as appropriate;
- Ensuring compliance with continuous disclosure requirements;
- Overseeing and coordinating the disclosure of information to the ASX, analysts, brokers, shareholders, the media and public; and
- Educating directors and staff of the Company's and Group's disclosure policies and procedures and raising awareness of the principles of the underlying continuous disclosure.

The Continuous Disclosure Policy can be viewed on the Company's website at [www.horizongold.com.au](http://www.horizongold.com.au) under the Corporate Governance section.

### **Principle 6: Respect the Rights of Security Holders**

#### ***Continuous Disclosure and Shareholder Communication***

The Board in adopting a Continuous Disclosure Policy ensures that shareholders are provided with up to date Company information. Communication to shareholders is facilitated by the production of the annual report, quarterly reports, public announcements, and the posting of policies, and ASX releases immediately after their disclosure to the ASX, on the Company's website. All shareholders are given the option to receive communications from, and send communications to, the Company and Share Registry electronically. In addition, all shareholders are encouraged to attend the Annual General Meeting and use the opportunity to ask questions to the Board and the Executive Management Team. The Company makes every endeavour to respond to the most commonly asked questions. The external auditor attends the meeting and is available to answer questions in relation to the conduct of the audit.

### **Principle 7: Recognise and Manage Risk**

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board.

Due to the size of the Board, the Board has determined there are no efficiencies, at this time, of establishing a separate risk management committee (as part of the audit committee function). It is the Board's responsibility under the Charter to review and ratify systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters.

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To control and mitigate financial risk, the Company has put in place a Board approved credit risk policy ("Treasury Policy: Credit Risk") to manage the exposure to counterparty credit risk on cash investments of up to 540 days. Recommendations from management for the establishment of, or amendments to, approved counterparties and exposure limits are included in the Policy, which is reviewed and approved by the Board on an annual basis.

The Company engages an insurance broking firm as part of the Board's annual assessment of the coverage of insured assets and risks. Risk management workshops are not held, but business risks will be continually assessed (at least annually) by the Board.

The reporting and control mechanisms, in the absence of an internal audit function, support the written certification at the end of the Half-Year and Full-Year reporting periods, in accordance with *Section 295A* of the *Corporations Act 2001* given by the Chairman (who performs in this case the chief executive function) and Company Secretary (who performs in this case the chief financial officer function) to the Board certifying that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

### **Principle 8: Remunerate Fairly and Responsibly**

#### ***Board Remuneration***

The total annual remuneration paid to non-executive directors may not exceed the limit set by the shareholders at a general meeting (currently \$250,000). The remuneration of the non-executive directors is fixed rather than variable. In accordance with Clause 14.7 of the Company's Constitution, remuneration may be provided in such manner that the directors decide (including by way of contribution to a superannuation fund on behalf of a director) and if any of the fees of any director is to be provided other than in cash, the directors may determine the manner in which the non-cash component of the fees is to be valued.

#### ***Executive Remuneration***

Due to the size of the Board, the Board has determined there are no efficiencies, at this time, of establishing a separate remuneration committee.

The Board has reserved the appointment, and where necessary, the replacement of the Managing Director/Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination, having regard to market conditions and the performance of individuals and the Company. The Board also ensures that there is no discrimination on remuneration in respect to gender.

Currently, the Board has determined that the day to day running of the Company is best served by engaging the Executive Management Team of Panoramic to provide Services under the Management Agreement. Under the Agreement, the remuneration for the Services provided to the Company has been determined and agreed on a commercial basis between the Company and Panoramic, to be paid on a monthly basis in arrears on the presentation of a single tax invoice instead of individual amounts paid to each member of the Executive Management Team.

Further details in relation to director and executive remuneration are set out in the 2019 Remuneration Report.