



## Corporate Governance Statement

Horizon Gold Limited (**Horizon Gold** or the **Company**) is committed to high standards of corporate governance whereby the Board of Directors (**Board**) are accountable to stakeholders. The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board has developed policies to ensure that an appropriate level of corporate governance is in place to promote integrity and responsible decision making. These policies are reviewed regularly by the Board to ensure they are relevant and meet the needs of stakeholders.

This Corporate Governance Statement (**Statement**) has been prepared on the basis of disclosure under the 'Corporate Governance Principles and Recommendations' (Fourth Edition) (**ASX Recommendations**) published by the ASX Corporate Governance Council. This Statement describes how Horizon Gold has addressed the eight corporate governance principles of the ASX Recommendations. Where the Company's corporate governance practices depart from an ASX Recommendations, the Company discloses the reason for adoption of its own practices on an 'if not, why not' basis. Given the size and stage of development of the Company and the cost of strict compliance with all ASX Recommendations, the Board has adopted a range of modified procedures and practices where it considers appropriate to enable it to meet the principles of good corporate governance.

As at the date of this Statement, set out below, the Company is substantially compliant with the ASX Recommendations.

The Company's Vision and Values is disclosed on the Company's website at <https://horizongold.com.au/company/vision-and-values/>.

Further information on the Company's corporate governance policies can be found on the Company's website at <http://www.Horizongold.com.au/corporate-governance/> including:

- This Corporate Governance Statement
- Board Charter
- Anti-corruption and Bribery Policy
- Board and Executives Performance Evaluation Policy
- Code of Conduct
- Continuous Disclosure Policy
- Diversity Policy
- Environmental Policy
- Occupational Health and Safety Policy
- Privacy Policy
- Related Parties Transactions and Conflicts of Interest Policy
- Securities Trading Policy
- Shareholder Communications Policy
- Whistleblower Protection Policy

This Statement is current as at 23 September 2021 and has been approved by the Board.



## ASX Corporate Governance Principles and Recommendations

### 1. **Principle 1: Lay a solid foundation for management and oversight – A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.**

#### 1.1 Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

- 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 Company has adopted a Board Charter which discloses the respective roles and responsibilities of the Board and senior management and identifies those matters expressly reserved to the Board and those delegated to management.

Under the Board Charter, the Board is responsible for the overall operation and stewardship of the Company and its subsidiaries and, in particular, is responsible for:

- a) setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- b) ensuring there are adequate resources available to meet the Company's objectives;
- c) appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- d) evaluating the performance of the Board and its Directors on an annual basis;
- e) determining remuneration levels of Directors;
- f) approving and monitoring financial reporting and capital management;
- g) approving and monitoring the progress of business objectives;
- h) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- i) reviewing and ratifying systems of risk management and internal compliance, code of conduct and legal compliance;
- j) ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
- k) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company;
- l) ensuring that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control and business risk management; and



- m) reviewing the procedures the Company has in place to ensure compliance with laws and regulations, particularly those which may have a major impact on the Company in areas such as mining and exploration, occupational health and safety and the environment.

The Board has delegated the responsibility for the day-to-day operations and administration of the Company to the Managing Director (or an Executive Director prior to the appointment of Managing Director on 14 December 2020), (and to an Executive Director during a transition phase from 14 December 2020 to 31 January 2021) and Management consisting of Company consultants in accordance with the delegated authority of the Board. The delegated authority includes responsibility for:

- a) developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- b) operating the Company's business within the parameters set by the Board from time to time and keeping the Board informed of material developments in the Company's business;
- c) proposed transactions, commitments or arrangements that exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- d) identifying and managing operational and other risks and where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;
- e) implementing the policies, processes and codes of conduct approved by the Board; and
- f) managing the Company's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively.

A copy of the Board Charter is available at <http://www.Horizongold.com.au/corporate-governance/>.

## 1.2 Recommendation 1.2

A listed entity should:

- a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward 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.

Appropriate background checks are carried out prior to the election of all directors and all material information relevant to Directors standing for election, are contained in the Notices of Meeting.

As a matter of practice, the Company includes in its notices of meeting a brief biography of each Director who stands for election or re-election. The biography sets out the relevant qualifications and professional experience of the nominated Director for consideration by shareholders.



### 1.3 Recommendation 1.3

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

On appointment to the Board, all Directors and senior executives enter into written service agreement with the Company either in the form of a letter of appointment or a written employment agreement. The agreements require compliance with Company policies and terms of appointment, including compensation relevant to the office of Director or senior executive appointment.

Key terms of agreements are summarised in the Company's Remuneration Report within the Annual Report.

### 1.4 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 (and his alternate, if applicable) reports directly, and is accountable, to the Board through the Chairman in relation to all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary.

The Company Secretary advises and supports the Board members on general governance matters and implements adopted governance procedures, coordinates the timely completion and despatch of board papers, ensures that the business at Board meetings is accurately captured in the minutes and helps to organise and facilitate the induction and professional development of directors.

The decision to appoint or remove the Company Secretary is made and approved by the Board.



1.5 Recommendation 1.5

A listed entity should:

- a) have and disclose a diversity policy;
- b) through its board or committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- c) disclose in relation to each reporting period:
  - (i) the measurable objectives set for that period to achieve gender diversity;
  - (ii) the entity's progress towards achieving those objectives; and
  - (iii) either:
    - A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
    - B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

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: 25%; men: 75%;
- Percentage of women and men in a senior management position - women: nil; men: 100%; 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”.

The Company’s Diversity Policy can be viewed on the Company’s website <http://www.Horizongold.com.au/corporate-governance/>.

#### 1.6 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 for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company’s policy is to ensure individual directors and the Board as a whole work efficiently and effectively in achieving their functions.

Each year the Board will undertake the following activities:

- a) the Chairperson will meet with each non-executive director separately to discuss individual performance and ideas for improvement; and
- b) the Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement.

During the reporting period the directors completed questionnaires relating to the role, composition, procedures, practices and behaviour of the Board and its members. Responses to the questionnaires are confidential and provided directly to the Chairman. The Board then held a facilitated discussion during which each Board member had the opportunity to raise any matter, suggestion for improvement or criticism with the Board. In addition, Directors are also encouraged to regularly provide informal feedback to one another regarding individual performance.

Currently the Company does not have any committees.

The Company’s Board and Executives Performance Evaluation Policy can be viewed on the Company’s website <http://www.Horizongold.com.au/corporate-governance/>.



1.7 Recommendation 1.7

A listed entity should:

- a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company's policy is to ensure the Managing Director and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:

- c) each year the Board reviews the Company's strategy;
- d) following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures;
- e) these objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business;
- f) these objectives form part of the performance targets for the Managing Director; and
- g) performance against these objectives is reviewed annually by the Board and is reflected in the Managing Directors remuneration review.

The Managing Director was only appointed on 14 December 2020 and a performance review will be completed post year end.

The Company's Board and Executives Performance Evaluation Policy can be viewed on the Company's website <http://www.Horizongold.com.au/corporate-governance/>



**2. Principle 2: Structure the Board to be effective and add value – The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and industry in which it operates, to enable it to discharge its duties effectively and to add value.**

2.1 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,

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; or

b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

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.





## 2.2 Recommendation 2.2

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

The Company does not currently have a skills or diversity matrix in relation to the Board members and is therefore not in compliance with ASX Recommendation 2.2. Given the size and scope of the Company's operations, the Board considers that its members have the appropriate and relevant mix of geological, legal, Government relations, equity market, financial and operational experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and operational perspective.

The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.



## 2.3 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 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 name, position, independence classification, qualification, skills and length of service of each director of the Company during the financial year and up to the date of the Statement is:

<b>Name</b>	<b>Position</b>	<b>Independence Classification</b>	<b>Qualification/Skills</b>	<b>Service (yrs)</b>
<b>Current Directors:</b>				
Peter Sullivan	Non-Executive Chairman	Non Independent	Engineer	1.25
Leigh Ryan	Managing Director	Non Independent	Geologist, Mineral Exploration, Mineral Economics	0.75
Dugald Morrison	Non-Executive Director	Non Independent	Investment Manager	1.50
Jamie Sullivan	Non-Executive Director	Non Independent	Corporate Mgt and Admin. of Resources Companies	1.50
Peter Venn	Non-Executive Director	Independent	Geologist and general mining	4
<b>Directors who have resigned during the Period:</b>				
Paul Bennett	Non-Executive Director	Independent	Engineer, corporate and project development	4

For the reasons stated below certain directors are assessed as not being independent under the independence criteria detailed in Recommendation 2.3 of the Recommendations:

- 1) Peter Sullivan is a director of Zeta Resources Limited, a controlling shareholder of the Company.
- 2) Leigh Ryan is currently employed as an executive director and Jamie Sullivan was as an executive director up to 31 January 2021; and
- 3) Dugald Morrison is an appointee director of Zeta Resources Limited, a controlling shareholder of the Company.



#### 2.4 Recommendation 2.4

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

During the entire period 1 July 2020 to 30 June 2021 the Board did not comprise a majority of "independent directors". For the period 1 July 2020 to 6 July 2020 only 50% of directors were independent (2 independent directors out of a total of 4 directors), for the period 7 July 2020 to 13 December 2020 only 25% of directors were independent (1 independent director out of a total of 4 directors) and since 14 December 2020 to the date of this report only 20% of directors are independent (1 independent director out of a total of 5 directors).

The Board is of the view that given the size and stage of development of the Company's operations, the director numbers are appropriate, the appointment of executive director(s) was appropriate and the appointment of representatives on the board by a significant shareholder is warranted. In addition, appropriate mechanisms are in place to avoid perceived or actual conflicts of interests.

#### 2.5 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 was fulfilled during the period by Dugald Morrison (1 July 2020 to 07 July 2020) and Peter Sullivan (since 7 July 2020) who both are assessed as not being independent under the Independence criteria detailed in Recommendation 2.3.

The CEO position of the Company was fulfilled during the period by Jamie Sullivan (1 July 2020 to 13 December 2020) and Leigh Ryan (since 14 December 2020).

Despite the Chair not being considered independent the Board believes that these people were the most appropriate persons to be Chair because of their industry experience and/or knowledge of the Gum Creek Gold Project. The Board believes that these persons make decisions that are in the best interests of the Company and all will not be present in Board meeting discussion for any matters where a conflict of interest arises, unless agreed by the independent directors, or they are eligible to vote on the particular matter



## 2.6 Recommendation 2.6

A listed entity should have a program for inducting new directors and periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The Company does provide new Directors with all information and access needed to undertake the role and organises site visits for new Directors.

All Directors are experienced in exploration and mining company operations, albeit in different aspects (e.g. technical, operations, finance, legal and corporate governance etc), and have extensive listed company experience. All of the current Directors are also involved, or been involved, in other listed companies. The Board seeks to ensure that all of its members understand the Company's operations, including where practical site visits. Directors also attend, on behalf of the Company and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advancements.



**3. Principle 3: Instil a culture of acting lawfully, ethically and responsibly – A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.**

3.1 Recommendation 3.1

A listed entity should articulate and disclose its values

The Company's vision is to responsibly explore and develop a high value sustainable gold business.

The Company has adopted the following the values:

- Passion – Be bold and pursue our vision with enthusiasm and conviction.
- Agile – Be smart, act fast and take advantage of new and progressive methods, systems, and technology to improve and achieve.
- Team – The people in our organisation contribute to our success and together we can achieve anything. We do what we say and deliver on our promises.
- Wellbeing – Health and safety of our people, community, and stakeholders is critical to our success. Building constructive relationships, we will achieve positive outcomes for all.
- Accountability – We are accountable to our people, community, and stakeholders. We will always act with the highest level of integrity and respect to sustainably grow our organisation.
- Excellence - We take pride in our work and aim for the highest standards of performance, behaviour, and conduct.

The Company's Vision and Values is disclosed on the Company's website at <https://horizongold.com.au/company/vision-and-values/>.

3.2 Recommendation 3.2

A listed entity should:

- a) have and disclose a code of conduct for its directors, senior executives and employees; and
- b) ensure that the board or committee of the board is informed of any material breaches of the code.

The Company has established a written Code of Conduct Policy which outlines the culture, practices, expected conduct, values and behaviour 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 Policy also outlines the procedure for reporting any breaches of the Code of Conduct Policy.

In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

A copy of the Code of Conduct Policy is available at the Company's website <http://www.Horizonresources.com.au/corporate-governance/>.

### 3.3 Recommendation 3.3

A listed entity should:

- a) have and disclose a whistleblower policy; and
- b) ensure that the board or a committee of the board is informed of any material incidents reported under the policy.

In line with the Code of Conduct Policy, the Company has a Whistleblower Policy which aims to further the Company's commitment to maintaining high ethical standards of conduct and to encourage the reporting of any instance of suspected unethical, illegal, fraudulent or undesirable conduct which contravenes the Code of Conduct. The Whistleblower Policy also ensures that persons who make a report in good faith can do so without fear of intimidation, disadvantage or reprisal. All material breaches of the Whistleblower Policy are reported to the Board.

A copy of the Company's Whistleblower Policy is available at the Company's website <http://www.Horizonresources.com.au/corporate-governance/>.



#### Recommendation 3.4

A listed entity should:

- a) have and disclose an anti-bribery and corruption policy; and
- b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

The Company's Anti-Bribery and Corruption Policy provides guidance and sets out the Company's commitment to conducting its business ethically and with honesty and integrity, with a "zero-tolerance" approach to bribery and corruption. All material breaches of the Anti-Bribery and Corruption Policy are reported to the Board.

A copy of the Company's Anti-Bribery and Corruption Policy is available at the Company's website <http://www.Horizonresources.com.au/corporate-governance/>.



**4. Principle 4: Safeguard the integrity of corporate reports – A listed entity should have appropriate processes to verify the integrity of its corporate reports.**

4.1 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:

(iii) the charter of the committee;

(iv) the relevant qualifications and experience of the members of the committee; and

(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company does not have an audit committee. The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained by establishing a separate audit committee at present.

The role of the audit committee is undertaken by the full Board.

The Board has charged the Company Secretary and Managing Director with preparing the annual and half yearly reports. These reports are subsequently audited by the Company's auditors, HLB Mann Judd.

All Company reports are reviewed by the Board before they are finalised and the Directors are given the opportunity to question and consider the veracity of the information in the reports. The Board is given the opportunity to meet with the Company auditor separately and prior to the final sign-off of the half yearly and final annual accounts.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate audit committee.

*External auditor*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. During the year the Company changed auditors to HLB Mann Judd. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.





#### 4.2 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 effectively.

As a matter of practise, the Company obtains declarations in the form referred to in ASX Recommendation 4.2 from the person acting as CEO and the person acting as Chief Financial Officer before its financial statements are approved.

#### 4.3 Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external audit.

The Company's external auditor reviews the annual Directors' Report, annual Remuneration Report, and the annual and half yearly Financial Statements. The balance of periodic corporate reports, including Quarterly Reports, the annual Corporate Governance Statement, and the annual Reserves and Resources Statement, are subject to a rigorous internal review process with individual sign offs by the relevant functional areas.



**5. Principle 5: Make timely and balanced disclosure – A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

5.1 Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Company is a “disclosing entity” pursuant to section 111AR of the Corporations Act and, as such, complies with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under the ASX Listing Rules. All relevant information provided to ASX will be posted on the Company’s website.

The Company has adopted a Continuous Disclosure Policy, which outlines the policy under the following headings:

- Disclosure Triggering Events;
- Internal notification and decision-making concerning the disclosure obligation;
- Measures for seeking to avoid the emergence of a false market in the Company’s securities;
- Media contact and comment; and
- External communications including analyst briefings and responses to shareholder questions.

In the Company’s current stage of development, matters of crucial importance occur irregularly. Currently the Managing Director (previously Executive Director) is responsible for determining which matters should be discussed with Board members who jointly will make a decision on the timely release of factual and balanced information concerning the Company’s activities. The Managing Director is responsible for drafting ASX releases which are then approved by the Board. The Board has designated the Company Secretary as the person responsible for coordinating disclosure of releases to the ASX as well as communicating with the ASX.

Presentations that are made to analysts or investors are posted on the Company’s website. If the presentations contain information that has not previously been announced to ASX that could have a material effect on the share price, the presentation is released to the ASX before the presentation is delivered.

A copy of the Company’s Continuous Disclosure Policy is available at the Company’s website <http://www.Horizonresources.com.au/corporate/corporate-governance/>.



5.2 Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Company makes announcements available to Directors promptly after receiving confirmation from the ASX that an announcement has been released to the market.

5.3 Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Company releases announcements and presentation materials containing new or market sensitive material to the ASX prior to the time of the corresponding presentation to analysts, investors or conference.



**6. Principle 6: Respect the rights of security holders – A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.**

6.1 Recommendation 6.1

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

Information on the Company's corporate governance, including copies of its various corporate governance policies and charters, is available at <http://www.Horizonresources.com.au/corporate-governance/>.

Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the ASX and posted on the Company's website.

6.2 Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

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.

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.

6.3 Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation. As a matter of practise, in its notices of meeting, the Company encourages those shareholders who cannot attend general meetings in person to appoint proxies on their behalf.

Mechanisms for encouraging and facilitating shareholder participation will be reviewed regularly to encourage the highest level of shareholder participation.



6.4 Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

All substantive resolutions are decided by a poll at general meetings of the Company.

6.5 Recommendation 6.5

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 considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.

The Company has, as a matter of practice, provided new shareholders with the option to receive communications from the Company electronically and the Company encourages them to do so. Existing shareholders are also encouraged to request communications electronically.

The Company provides a hard copy of the annual report to only those shareholders who have specifically elected to receive a printed hard copy.



**7. Principle 7: Recognise and manage risk – A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.**

7.1 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; or

b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board delegates day-to-day management of risk to the Managing Director. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management. The Board's role is to monitor the performance against the Company's risk management framework the Board has set, including whether it is operating within the risk appetite determined by the board. The Board will also review material incidents of non-compliance and assess recommendations for improvements in the Company's risk management framework. The Company has appointed the Managing Director as being responsible for the Risk Management Policy which covers organisational, financial and operational aspects of the Company's affairs.

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. 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.



## 7.2 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 that the entity is operating with due regard to the risk appetite set by the board; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

The Board takes a proactive approach to risk management. The Board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight encompasses operational, financial reporting and compliance risks.

The Company believes that it is crucial for all Board members to be a part of the process, and as such the Board reviews all recommendations from management.

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.

The Company's policy is to achieve levels of operation that balance risk and reward with the ultimate aim of optimising shareholder value.

Although during the financial year the Board discussed and identified material risks, no formal review was undertaken during the year and as such the Company is not in strict compliance with this ASX Recommendation. The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained from establishing measures beyond that described above.



### 7.3 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, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

The Company does not currently have an internal audit function and instead this function is undertaken by the full Board.

The Company has adopted internal controls procedures including:

- a) managing activities within budgets and reviewing budgets and operational plans at board meetings;
- b) approval of all invoices in accordance with a Board approved expenditure limit authorisation matrix;
- c) visits to the Company's exploration project areas to review the geological practices including the environmental and safety aspects of the Company's operations on an as required basis.
- d) Continuous internal monitoring of the Company's licences and permits to ensure timely renewal of licences and permits.
- e) Appraisal procedures and due diligence requirements, both geological and legal, for potential acquisitions, divestments and or joint ventures.
- f) Reliance on auditor reviews and senior management declarations.

The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.

### 7.4 Recommendation 7.4

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

The Company is focused on the discovery and exploitation of mineral deposits and operates in diverse physical environments in Australia. As a result, there is some potential for material exposure to environmental and social risks.

The Company is very aware of the potential for risk in this area and is committed to ensuring that sound environmental management and safety practices are carried out in its exploration activities.





The Company is committed to environmental sustainability, recognising its obligations to practice good environmental "stewardship" of the tenements on which it operates.

The Company's activities are conducted in a manner that minimises our environmental impact as much as possible, and are conducted strictly in accordance with all necessary permits and approvals from regulators.



**8. Principle 8: Remunerate fairly and responsibly – A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity’s values and risk appetite.**

8.1 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:

- (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; or

b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company has not established a separate remuneration committee.

The role of the remuneration committee is undertaken by the full Board and directors excuse themselves at meetings for any discussion pertaining to their own remuneration. The Board considers that, given its current size, efficiencies or other benefits would not be gained by establishing a separate remuneration committee.

The Company sets out the remuneration paid or provided to Directors and key management personnel annually in the Remuneration Report contained within the Company’s Annual Report for each financial year.

As the Company’s operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.



## 8.2 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 Company's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior executives is set out in the Remuneration Report contained in the Company's Annual Report for each financial year.

Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of \$250,000, which was last approved by the Company's then sole shareholder on 31 August 2016.

## 8.3 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.

All of the Company's personnel are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under an equity-based remuneration scheme. The Company's Securities Trading Policy sets out the conditions and requirements for Directors, employees and consultants of the Company when dealing in the Company's securities.

The Company's Securities Trading Policy is available at <http://www.Horizonresources.com.au/corporate-governance/>.