



## CORPORATE GOVERNANCE STATEMENT FOR FINANCIAL YEAR ENDED 30 JUNE 2021

The Board of Directors of Cazaly Resources Limited ('Cazaly' or 'the Company') is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Cazaly on behalf of the shareholders by whom they are elected and to whom they are accountable.

Cazaly has adopted policies, procedures and practices as tools to support the Board's strong belief in good corporate governance. Commensurate with the spirit of the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council ('Council'), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company'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" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of its operations.

The 4th edition of the ASX Corporate Governance Principles and Recommendations is effective for the first full financial year commencing on or after 1 January 2020. Accordingly, the Company is reporting against the 4<sup>th</sup> edition for the first time for the financial year ended 30 June 2021.

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the financial year ended 30 June 2021 (Reporting Period).

PRINCIPLES & RECOMMENDATIONS	COMMENT
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1	<p>The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter. The Company's Board Charter can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Board-Charter-2021-revised-2.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Board-Charter-2021-revised-2.pdf</a></p> <p>The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.</p>
Recommendations 1.2 to 1.4	<p>In determining candidates for the Board, Board members follow a process whereby they evaluate the mix of skills, experience and expertise of the existing Board and identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, will be recommended to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.</p>

	<p>All potential senior executive candidates are thoroughly background checked during the recruitment process.</p> <p>All Directors and officers of the Company have appointment contracts. The financial and other remuneration details of Directors and officers are disclosed in the Directors Report of each annual report.</p> <p>The Company Secretary is charged with facilitating the Company's corporate governance processes and shares primary responsibility, along with the Managing Director, for ensuring that the Board processes and procedures run efficiently and effectively.</p>																			
Recommendation 1.5	<p>The Company recognises and values the competitive benefits and advantages that diversity can bring to an organisation and actively supports, encourages and acknowledges diversity as a means of enhancing and enriching the Company's performance and standing by utilising the various skills, experiences and perspectives of its directors, officers, employees, consultants and contractors</p> <p>The Company treats all its personnel fairly and equally regardless of their gender, sexuality, marital status, cultural background, ethnicity, language, political or religious beliefs, disability or age.</p> <p>The Company ensures that all its personnel have access to a safe work environment that is free from harassment, discrimination, bullying and victimisation.</p> <p>The Company has established a Diversity Policy, a copy of which can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Diversity-Policy-2021-revised.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Diversity-Policy-2021-revised.pdf</a></p> <p>The proportion of women in senior executive positions and on the Board, as at 30 June 2021 and 30 June 2020, are set out below:</p> <table border="1" data-bbox="504 1151 1362 1272"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">2021</th> <th colspan="2">2020</th> </tr> <tr> <th>No.</th> <th>%</th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Women on the Board</td> <td>0</td> <td>0%</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Women in senior management roles</td> <td>0</td> <td>0%</td> <td>0</td> <td>0%</td> </tr> </tbody> </table> <p>As announced on 19 April 2021, the Company appointed Ms Tara French as its new Chief Executive Officer/Managing Director. Ms French commenced with Cazaly on 12 July 2021.</p>		2021		2020		No.	%	No.	%	Women on the Board	0	0%	0	0%	Women in senior management roles	0	0%	0	0%
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Recommendations 1.6 & 1.7	<p>The Board undertakes an informal annual review of its own performance with external advice as appropriate. The evaluation of the Managing Director and any Executive Director is undertaken via an informal interview and appraisal process which occurs at least annually, at the Board's discretion. This process was undertaken during the Reporting Period.</p> <p>The Managing Director is responsible for evaluating the performance of senior executives. The evaluation of senior executives is undertaken via an informal interview and appraisal process which occurs at least annually and otherwise takes place as part of the annual salary review under the senior executives' employment contract. This process was undertaken during the Reporting Period.</p>																			
<b>Principle 2: Structure the Board to be effective and add value</b>																				
Recommendation 2.1	<p>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. The Board deals with any conflicts of interest that may occur</p>																			

	<p>when convening in the capacity of the nomination committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.</p>
Recommendation 2.2	<p>The Company does not comply with Recommendation 2.2 as it has decided that due size, composition and structure of the Board, there is no current requirement for the disclosure of a board skills matrix. However, it does disclose the skills and expertise of its individual Directors on its website and in the Directors Report of each annual report.</p>
Recommendation 2.3	<p>The Board currently consists of three (3) directors, which includes an executive director and two non-executive directors. Details of their experience and qualifications are set in the Director's Report of each annual report as well as their equity holdings. The following Directors have been in office since the start of the Reporting Period to the date of the annual report unless otherwise stated:</p> <p>Nathan McMahon – Director from Jun 2003 (not independent)  Clive Jones – Director since Aug 2003 (not independent)  Terry Gardiner – Director since Dec 2016 (independent)</p>
Recommendation 2.4	<p>The Company does not comply with Recommendation 2.4 in that only 33.3% of the current serving Directors are independent.</p> <p>Mr Gardiner is a Non-Executive Director and is considered to be independent. Mr Gardiner is independent as he is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.</p> <p>Mr McMahon is a Non-Executive Director of the Company and does not meet the Company's criteria for independence. Mr McMahon's experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain on the Board.</p> <p>Mr Jones is an Executive Director of the Company and does not meet the Company's criteria for independence. Mr Jones' experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain on the Board.</p> <p>Given the size of the Company and the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its small market capitalisation, limited resources and existing projects. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.</p> <p>As announced on 19 April 2021, the Company appointed Ms Tara French as its new Chief Executive Officer/Managing Director. Ms French commenced with Cazaly on 12 July 2021.</p>
Recommendation 2.5	<p>The Company does not comply with Recommendation 2.5 in that any acting Chairman is not independent. The Company considers this to be appropriate and in its best interests. Given the size of the Company and the nature of its activities, it is best served by a chairman with sound Company and industry specific knowledge as well as significant equity in the Company.</p>
Recommendation 2.6	<p>Any new directors will undergo an induction process in which they are given a full briefing on the Company. They are also be provided with letters of appointment to the Board, setting out the key terms and conditions relative to their appointment, full details of the Company's current insurance policies and copies of the latest Corporate Governance Statement as well as relevant Company policies. Upon appointment,</p>

	<p>directors are also required to complete a Directors Declaration of Interest form.</p> <p>To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the Director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.</p> <p>In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified and to receive continuing education concerning key developments in the Company and in the industry and environment within which the Company operates.</p>
<p>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</p>	
<p>Recommendation 3.1</p>	<p>Cazaly Resources Limited is a well-established mineral resources company focused on exploring and developing high quality assets in Australia and overseas. The Company is led by skilled, qualified mining business professionals with a drive and passion for the mining industry.</p> <p>Cazaly continues to be strongly committed to:</p> <ul style="list-style-type: none"> <li>• respecting the environment;</li> <li>• the safety and well-being of its personnel;</li> <li>• the culture and diversity of its people;</li> <li>• the sustainable development of communities in which it operates; and</li> <li>• acting with the utmost integrity, honesty and good faith</li> </ul> <p>Cazaly values are to remain dedicated to maximising returns for its shareholders, promoting and adhering to industry best practice across all disciplines, engaging and understanding all stakeholders and to remain a highly respected and sound corporate citizen.</p>
<p>Recommendation 3.2</p>	<p>The Company has in place a Code of Conduct which guides the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and ensures all Board members are informed of any breaches of the code.</p> <p>A copy of the Cazaly Code of Conduct can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Code-of-Conduct-2021-revised.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Code-of-Conduct-2021-revised.pdf</a></p>
<p>Recommendation 3.3</p>	<p>The Company has a Whistleblower Policy in place and ensures all Board members are informed of any material incidents that may be reported under the policy.</p> <p>A copy of the Cazaly Whistleblower Policy can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Whistleblower-Policy-2021-revised.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Whistleblower-Policy-2021-revised.pdf</a></p>
<p>Recommendation 3.4</p>	<p>The Company has an Anti-Bribery and Corruption Policy in place and ensures all Board members are informed of any material breaches that may be reported under the policy.</p> <p>A copy of the Cazaly Anti-Bribery and Corruption Policy can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Anti-bribery-and-Corruption-Policy-2021-revised.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Anti-bribery-and-Corruption-Policy-2021-revised.pdf</a></p>

Principle 4: Safeguard integrity of corporate reports	
Recommendation 4.1	<p>The Board has not established a separate audit committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate audit committee. Accordingly, the Board performs the role of audit committee. Items that are usually required to be discussed by an audit committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the audit committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.</p> <p>All of the Directors consider themselves to be financially literate and to possess relevant industry experience. Details of each of the Director's qualifications and skill sets are set out in the Directors' Report of each annual report.</p> <p>The appointment and removal of the external auditor requires shareholder approval. The audit partner is currently rotated every three (3) years).</p>
Recommendation 4.2	<p>The Managing Director (or equivalent) and the CFO (or equivalent) provide a declaration to the Board in accordance with section 295A of the Corporations Act on at least a bi-annual basis. Such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>The above declaration has been provided for the Reporting Period.</p>
Recommendation 4.3	<p>The Company provides audited annual and audit reviewed half year reports and the Company's auditor attends the AGM and is available to answer any questions from the shareholders that are relevant to the accounts or the audit of the Company.</p> <p>Other relevant periodic corporate reports are thoroughly reviewed and approved off by all Board members, including ASX announcements and Company presentations.</p>
Principle 5: Make timely and balanced disclosure	
Recommendation 5.1	<p>The Board has designated the Managing Director and the Company Secretary as the persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.</p> <p>The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive and management level for that compliance.</p> <p>All ASX announcements are reviewed and approved by all Board members.</p> <p>A copy of the Cazaly Continuous Disclosure Policy can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Continuous-Disclosure-Policy-2021-revised-II.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Continuous-Disclosure-Policy-2021-revised-II.pdf</a></p>
Recommendation 5.2	<p>The Board is involved in the compilation of Cazaly announcements and is promptly notified and receives copies of all announcements released to the market.</p>
Recommendation 5.3	<p>After an initial Board review, any material or substantive new Company presentation is released to the market prior to the relevant presentation.</p>

Principle 6: Respect the rights of security holders	
Recommendations 6.1, 6.2 & 6.3.	<p>The Company aims to ensure that its shareholders and other investors are provided with timely, accurate and transparent information about itself, its projects and its governance.</p> <p>All corporate governance procedures are available on the Company's website <a href="http://www.cazalyresources.com.au">www.cazalyresources.com.au</a></p> <p>The Board regularly communicates with its shareholders to ensure they are informed of all significant developments concerning the Company. The Company principally engages with its shareholders via general meetings and its AGM or personally as requested by individual shareholders, a practice that the Company encourages.</p> <p>The Company has in place a Shareholder Communications Policy which can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Shareholder-Communication-Policy-2021-revised.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Shareholder-Communication-Policy-2021-revised.pdf</a></p>
Recommendation 6.4	The Company ensures that all resolutions put forward at a meeting of shareholders is decided by a poll rather than a show of hands.
Recommendation 6.5	The Company and its share registry actively encourage the use of electronic security holder communications.
Principle 7: Recognise and manage risk	
Recommendation 7.1	The Board has not established a separate risk management committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate risk management committee at this point in time.
Recommendations 7.2 to 7.3	<p>The Board has adopted a Risk Management Policy. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.</p> <p>A summary of the Cazaly Risk Management Policy can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Risk-Management-Policy-2021.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Risk-Management-Policy-2021.pdf</a></p> <p>Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.</p> <p>In fulfilling the duties of risk management, the Managing Directors may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.</p> <p>In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:</p> <ul style="list-style-type: none"> <li>the Board has adopted an authority level policy and matrix for the Board and management. The policy and matrix may only be changed with Board approval and governs all Company expenditure, commitments and other financial transactions;</li> <li>the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and</li> </ul>

	<ul style="list-style-type: none"> <li>the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.</li> </ul> <p>As a minimum, during the Reporting Period, management regularly reported to the Board on operational, native title, financial reporting, sovereignty and market related risks affecting the Company, as part of the Company's systems and processes for managing material business risks.</p> <p>The Company does not have an internal audit function. The Company does have comprehensive internal controls and processes with respect to certain classes of risk.</p> <p>The Company considers that its exposure to risks is within the spectrum of what would be typical for a company of its size and activities. The disclosure of potential risk to the Company is disclosed in the Directors Report of each annual report.</p>
Recommendation 7.4	<p>The Company is not aware of any material exposure to environmental or social risks apart from those generally stated in the Directors Report of each annual report.</p> <p>Cazaly recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.</p>
Principle 8: Remunerate fairly and responsibly	
Recommendation 8.1	<p>The Board has not established a separate remuneration committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate remuneration committee. Accordingly, the Board performs the role of remuneration committee. Items that are usually required to be discussed by a remuneration committee are treated as separate agenda items at Board meetings when required.</p> <p>The Board deals with any conflicts of interest that may occur when convening in the capacity of the remuneration committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.</p> <p>Remuneration levels for Board and senior managers are based on canvassed market rates and peer comparisons. External consultants may be engaged and utilised for appointment of any new directors or managers.</p>
Recommendation 8.2	<p>The Company discloses information on an annual basis in respect of the remuneration of the Board and key management personnel in the Remuneration Report (Audited) in the Directors' Report of each annual report.</p>
Recommendation 8.3	<p>The Company discloses information on an annual basis in respect of its Employee Incentive Plan in the notes to the financial statements contained in each annual report. The Employee Incentive Plan is approved by shareholders every three (3) years.</p> <p>A copy of the Cazaly Securities Trading Policy can be viewed at <a href="https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Security-Trading-Policy-2021-revised.pdf">https://www.cazalyresources.com.au/wp-content/uploads/2021/09/Security-Trading-Policy-2021-revised.pdf</a></p>