

KOGI IRON LIMITED

ACN 001 894 033

CORPORATE GOVERNANCE STATEMENT 2017 – 23 OCTOBER 2017

The Board of Directors of Kogi Iron Limited (“KFE”) is committed to conducting the company’s business in accordance with the highest standards of corporate governance. The Board is responsible for the Company’s Corporate Governance and the governance framework, policy and procedures, and charters that underpin this commitment.

The Board has adopted, and endorses The ASX Corporate Governance Council Principles and Recommendations (3rd Edition) as amended from time to time (ASX Recommendations) and has adopted the ASX Recommendations that are considered appropriate for the Company given its size and the scope of its proposed activities. Details of the Company’s compliance with the ASX Recommendations are set out below.

In light of the Company’s current stage of development, the Board considers that its current composition is appropriate. As the Company’s activities change in nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed and may change.

The Company’s corporate governance policies and practices as at the date of this statement are outlined below and are available on the Company’s website (www.kogiron.com):

Board Charter

The Board guides and monitors the business and management of the Company. Under its Charter, the Board is responsible for, amongst other things:

- corporate governance and the strategic direction of the Company;
- protecting and enhancing Shareholder value;
- supervising the Company’s framework of control and accountability systems;
- reviewing performance and responsibilities within the Company to ensure division of functions are appropriate to the Company’s needs and that the Company is properly managed;
- monitoring and managing the financial performance of the Company;
- approving the annual budget and statutory reports;
- developing and implementing the Company’s policies and procedures and assessing their adequacy;
- monitoring and ensuring compliance with the Company’s continuous disclosure obligations;
- convening and attending general meetings of Shareholders; and
- assessing and approving all transactions which would impact on Shareholder value and, where relevant, make recommendations to shareholders.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

The current Board of Directors is as follows:

Dr Ian Burston	–	Non-Executive Chairman
Mr Kevin Joseph	–	Executive Director
Mr Don Carroll	–	Non-Executive Director
Mr Michael Tilley	–	Independent Non-Executive Director
Mr Martin Wood	–	Independent Non-Executive Director (Appointed 17 October 2017)

Details of the skills and experience of Directors of the Company are included in the Directors’ Report section of the 2017 Annual Financial Statements which are available on the Company’s website at www.kogiron.com.

Board Committees

To assist the Board in fulfilling its responsibilities, it can appoint committees comprising people nominated at the discretion of the Board based on their expertise. ASX best practice recommendations suggest a company constitute Audit, Remuneration and Nomination Committees. Given the size of the Company the Board has not formed separate committees for Audit; Nominations; and Remuneration.

The Board’s view is that the matters which would ordinarily be dealt with by these committees on behalf of the Board are more adequately dealt with by the full Board and that there are no efficiencies or benefits which could be gained by establishing an Audit, Nomination or Remuneration Committee.

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Code of Conduct for Directors, Senior Executives and Employees

The Board has adopted a Code of Conduct for Directors, senior executives and employees to promote ethical and responsible decision making and execution of their roles and responsibilities.

Continuous Disclosure

The Company is, subject to the exceptions contained in the Listing Rules, 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 impact on the price or value of Shares.

The Company is committed to observing its disclosure obligations under the Corporations Act and the Listing Rules. The Company encourages a culture of openness which is conducive to fulfilment of the Company's disclosure obligations and creates clear lines of communication and authority with regard to the dissemination of information and continuous disclosure issues. In accordance with this policy, all information provided to ASX is made available on the Company's website (www.kogiiiron.com).

Share Trading Policy

The Company has adopted a Share Trading Policy that set out the guidelines on the sale and purchase of securities in the Company by its Directors, employees and contractors. The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

Directors' Disclosure Obligations

Any change in a Director's direct or indirect interest in Company securities must be disclosed to the Company so that appropriate disclosure can be made by the Company to ASX in accordance with the Listing Rules.

Shareholder Communications Policy

This policy details how the Company is committed to keeping Shareholders apprised of the Company's activities, including by providing regular communications that are balanced and understandable, ensuring information is easily accessible, and facilitating Shareholder participation in the Company's general meetings.

Risk Management Policy

The Company recognises the importance of managing risk and continues to put in place systems to assess, monitor and manage risk based on the Company's size, history and strategy. The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Diversity policy

The Company is committed to achieving employee, senior management and Board diversity. The Company is also committed to promoting a culture that embraces diversity and recognises that employees at all levels of the Company may have domestic responsibilities. The Company recognises the need to set diversity measures in each of its operating locations taking into account the differing diversity issues within each geographic location in which it operates. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the Company as at 30 June 2017:

	Male	Female	Total	Proportion female
Board	4	-	4	0%
Balance of Employees / Contractors	-	2	2	100%
	4	2	6	33%

Measurable objectives

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

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Measurable Objective	Objective Satisfied	Comment
Promoting the concept of Equal opportunity within the Company and that employment, developments and promotion are based on merit.	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
Ensure that recruitment of employees and directors is made from a diverse pool of qualified candidates	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
Identify programs that assist in the development of a broader pool of skilled and experienced Board candidates	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.
Identify and addressing any workplace behaviour that is inconsistent with the diversity objectives of the Company and values.	Yes	The Company's Code of Conduct underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees; which is consistent with the Company's Diversity Policy.

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations

Compliance with ASX Recommendations

The table below summarises the Company's compliance with the ASX Corporate Governance Councils Corporate Governance Principles and Recommendations (3rd Edition), in accordance with ASX Listing Rule 4.10.3.

Principles and Recommendations	Disclosure	Comply
Principle 1 – Lay solid foundations for management and oversight		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	These matters are disclosed in the Company's Board Charter, which is available on the Company's website.	Complies
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether to not to elect or re-elect a director	The Board will ensure that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. Security holders will be provided with all relevant information in the Board's possession, relevant to a decision on whether or not to elect or re-elect a Director.	Complies
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The company executes a letter of appointment with each director and services agreements with senior executives.	Complies

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Principles and Recommendations	Disclosure	Comply
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 reports to the chair of the board on all matters to do with the proper function of the board.	Complies
1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objective for achieving gender diversity set by the boards or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2. 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 the Act.	A copy of the Diversity Policy is available on the Company's website. A brief summary of the policy and its aims are disclosed in this corporate governance statement. The measurable objectives adopted by the board are disclosed in this corporate governance statement. The measurable objectives, which seek to allow and promote diversity do not at this stage include any specific numerical targets for gender, or any other, diversity measures. This corporate governance statement includes disclosure regarding gender diversity within the Company as at 30 June 2017. The Company is not a "relevant employer" for the purposes of the Workplace Gender Equality Act.	Complies
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Currently, the Board does not formally evaluate the performance of the Board and individual directors, however the Board Chairman provides informal feedback to individual Board members on their performance and contribution to Board meetings, on an ongoing basis.	Does not comply
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	There is provision for the evaluation of the performance of the company's executive director – Mr. Kevin Joseph, and this evaluation is periodically performed by the Chairman – Dr Ian Burston.	Complies

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Principle 2 – Structure the board to add value			
Principles and Recommendations		Compliance	Comply
2.1	<p>A listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director;</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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</p> <p>(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 skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Due to its size and limited scope of operations, the company does not currently have a nomination committee, however board sub-committees are formed, as required, to manage matters that would normally be dealt with by a formally constituted nomination committee, as was the case with the search and appointment of the previous managing director.</p> <p>As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a nomination committee.</p>	Does not comply
2.2	<p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company does not have a formal board skills matrix; however, the current board has extensive experience in the industry in which it operates and has the mix of skills it currently requires for its current operations.</p> <p>Whilst it does have considerable experience the board will consider the skill, knowledge, experience and independence of the Company's directors in response to any actual or proposed changes in the Company's activities or operations.</p>	Does not Comply
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors; and</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Mr Michael Tilley and Mr Martin Wood are considered by the board to be independent directors and this is disclosed on the company web site and in its annual reports.</p> <p>The length of service of each director is disclosed in the company's annual director reports and in notices of meetings when directors are nominated for re-election.</p>	Complies

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Principles and Recommendations	Compliance	Comply
2.4 A majority of the board of a listed entity should be independent directors.	The Company currently has 2 independent members of the company's board.	Does not comply however the board is of the view that the skills and experience of the directors allow the board to act in the best interests of shareholders and is appropriate for the size of the company.
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.	Dr Ian Burston is the Chairman and is not an independent non-executive director.	Does not comply, however the board is of the view that this is appropriate for the company, considering its size and stage of development.
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively	There is no formalised policy in place however when a new director is appointed the Board will provide ample induction into the entity and Board members are encouraged to develop their skills.	Does not comply, however the board is of the view that this is appropriate for the company, considering its size and stage of development.

Principle 3 – A listed entity should act ethically and responsibly

3.1 A listed entity should: (a) have a code of conduct of its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The company code of conduct is available on the company web site.	Complies
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Principle 4 – Safeguard integrity in corporate reporting

4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director; who is not the chair of the board, and disclose (3) the relevant qualifications and experience of the members of the committee; and (4) 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 rotations of the engagement partner.	The Board has established and Audit Committee Charter, however due to its size and limited scope of operations during the year, the duties of the Audit Committee were discharged by the full Board, and not by a separate audit committee. As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a formal audit committee.	Does not comply
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Principles and Recommendations	Compliance	Comply	
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.	The Board does receive a statement signed by the company secretary, who is responsible for maintaining the financial records.	Complies
4.3	A listed entity that has an Annual General Meeting (AGM) should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit,	The company's auditors will be made available at the Annual General Meeting	Complies

Principle 5 – Make timely and balanced disclosure

5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The company does have a Continuous Disclosure policy, which is available on the company web site.	Complies
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Principle 6 – Respect the rights of security holders

6.1	A listed entity should provide information about itself and its governance to investor via its website.	The company keeps all Corporate Government related policies and documents on its website.	Complies
6.2	A Listed entity should design and implement an investor relations program to facilitate effective tow-way communication with investors.	The company encourages all investors or potential investors to communicate with the company via its web site.	Complies
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The company Shareholder Communication Policy is available on the company web site.	Complies
6.4	A listed entity should give security holder the option to receive communications from, and send communication to the entity and is security registry electronically.	Security holder can elect to receive communications from the company electronically either by contacting the Company's share registrar, or the company directly.	Complies

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Principles and Recommendations	Compliance	Comply	
Principal 7 – Recognise and manage risk			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or</p> <p>(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.</p>	<p>Due to its size and limited scope of operations, the company does not currently have a risk committee, however management does present and discuss risk with the full board.</p> <p>As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a risk committee.</p>	Does not Comply
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The board and senior management review and identify risks to the Company and its assets on an ongoing basis. Any new risks identified, or material changes to existing risks are reported on at subsequent board meetings.</p> <p>The Company has not undertaken a formal review of the entity's risk management framework at board level, therefore does not comply with Recommendation 7.2.</p>	Does not comply
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 risk management and internal control processes.</p>	<p>The company does not have an internal audit function.</p>	Does not comply
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company is subject to a number of economic, environmental, social sustainability and occupational health and safety risks, typical of those associated with a publicly listed entity engaged in the mineral exploration industry.</p> <p>All business risks are managed by the Board with the support of management, employees and consultants where appropriate.</p>	Complies

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Principles and Recommendations	Compliance	Comply	
Principle 8 – Remunerate fairly and responsibly			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or</p> <p>(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.</p>	<p>Due to its size and limited scope of operations, the company does not currently have a remuneration committee.</p> <p>As the company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a remuneration committee.</p>	Does not Comply
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive director and other senior executive.	The company discloses its practices in relation to the remuneration of non-executive directors and senior executives in its annual remuneration report.	Complies
8.3	A listed entity which has an equity-based remuneration scheme should:	The company's Security Trading Policy obliges all directors, officers and employees of the company to advise the company, via the company secretary, or any securitisation of company securities. A copy of the policy is available on the company's web site.	Complies