

## Corporate Governance Statement

The Board of Directors (Board) of Magnum Mining & Exploration Limited are committed to attaining and implementing the highest standards of corporate governance. The Board has reviewed the Company's corporate governance practices in accordance with the 3<sup>rd</sup> Edition of the Australian Securities Exchanges (ASX) Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council. The Board supports the intent of the best practice recommendations and recognises that given the present size and scope of the Company it is not practical to institute all of the best practice recommendations at present.

The Company reports below on how it has followed and "if not, why not" disclosure on each of the Principles & Recommendations.

The Corporate Governance statement has been approved by the Board and is current as at 31 March 2021.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: Lay solid foundations for management and oversight		
<p><b>Recommendation 1.1</b></p> <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	No	The Company considers Corporate Governance Recommendation 1.1 which requires formalisation and disclosure of the functions reserved to the Board and those delegated to management inappropriate given the size of the Company's operation and the number of directors constituting the Board. Accordingly, the Board is responsible for the functions typically delegated to management in addition to its usual Board functions.
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(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.</p>	Yes	The Company undertakes comprehensive reference checks before appointing a person, or putting a person forward for election to shareholders, as a director.
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	The Company has written agreements with each director in accordance with Recommendation 1.3.
<p><b>Recommendation 1.4</b></p> <p>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.</p>	Yes	The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.



## Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either:</p> <p>(i) 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</p> <p>(ii) 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.</p>	No	<p>The Company has not established a Diversity Policy. Given the size of the Board, the Board considers that it is not practical to establish a Diversity Policy. No women are currently represented on the Board.</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</p>	Yes	<p>The Board undertakes annual self-assessment of its collective performance and the performance of the Chairman. The Board is evaluated annually via round table discussion. The evaluation includes consideration of the following matters: assessment of the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and annual budget, review of the level and effectiveness of the Board’s interaction with management review of the content, format and timing of information provided to directors, and review of Board and committee charters to assess if they remain appropriate to the Company’s activities. Similar procedures to those for the Board review are applied to evaluate the performance of any Board committees. An assessment will be made of the performance of each committee and areas identified where improvements can be made. During the year, an evaluation of the Board and individual directors took place in accordance with the process disclosed above.</p>



## Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	The Chairman reviews the performance of senior executives by way of a formal interview with each senior executive. During the year, an evaluation of senior executives took place in accordance with the process disclosed above.
Principle 2 Structure the board to add value		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</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 balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	No	The Board has not established a separate independent nomination committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a nomination committee separate from the Board. Accordingly, the Board performs the role of Nomination Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interests is not party to the relevant discussions.
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	Given the current size and composition of the Board, the Company does not maintain a formal skills matrix setting out the skills and diversity of the Board. However, the current Board does have a mixture of experience and corporate, technical, financial and management skills that are considered appropriate for the Company's present operations. A profile of each director setting out their skills, experience, expertise and period of office is set out on page 16 to 17 of the Directors' Report.



## Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition) 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>	No	<p>Details of the Board of Directors, their length of service and independence are as follows: Mr Howard Dawson - 4 years - Independent - Non-Executive Chairman; Mr Don Carroll – 1 month - Executive Director; Mr Hugh Callaghan – 1 month - Independent - Executive Director. Given, the current size and composition of the Board, the Board is of the opinion that the Company is best served by its current Board's composition of executive and non-executive directors.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	Yes	<p>The Board comprises of three directors with three directors who are considered as independent in terms of Recommendation 2.3.</p>
<p><b>Recommendation 2.5</b></p> <p>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.</p>	Yes	<p>The role of Chairman of the Company during the year, was held by Mr Howard Dawson (who is considered independent in terms of Recommendation 2.3) The Chief Executive Officer during the year, was held by Mr Grant Button (who is not considered independent in terms of Recommendation 2.3) and resigned as CEO in March 2021.</p>
<p><b>Recommendation 2.6</b></p> <p>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.</p>	Yes	<p>The Company has an informal induction process, due to the Board's size. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of directors. Directors will undertake their own continuing educations.</p>
<p>Principle 3: Act ethically and responsibly</p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	No	<p>The Board expects all directors to perform their duties in a manner which is ethical, honest and objective and at all times endeavor to maintain and improve the performance and reputation of the Company. A code of conduct, as purported in Recommendation 3.1, has not been formally established as the Chairman consistently and continuously ensures that all members of the Board have a clear understanding of their duties, responsibilities and their accountability to the Company and its shareholders for their conduct.</p>





## Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 4: Safeguard integrity in financial reporting		
<p><b>Recommendation 4.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	No	<p>The Board has not established a separate independent audit committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing an audit committee separate from the Board. Accordingly, the Board performs the role of Audit Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interests is not party to the relevant discussions. The Board will consider the appointment of a separate Audit Committee as the Company's operations grow.</p>
<p><b>Recommendation 4.2</b></p> <p>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.</p>	Yes	<p>The Chair and the Chief Executive Officer have provided a declaration to the Board, before it approves the Company's financial statements for a period.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>A representative of the Company's external audit firm attends the AGM and is available to answer questions to security holders relevant to the audit.</p>



## Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company aims to provide relevant and timely information to its shareholders and the broader investment community in accordance with its continuous disclosure obligations under the ASX Listing Rules. The Board has established policies and procedures to ensure compliance with ASX Listing Rules disclosure requirement and accountability at a senior management level for that compliance. However, the Board believes that the formalisation of these policies and procedures in a written form as recommended in Recommendation 5.1 is not necessary as the Board is satisfied that all Board members are acutely aware of the importance of making timely and balanced disclosure.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>Information about the Company and its governance will be available on the Company's website.</p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company is committed to promoting effective communications with shareholders by ensuring they and the broader investment community is provided with full and timely disclosure of its activities providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.</p>
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>The Company gives adequate notice to shareholders of meetings of shareholders and encourages attendance at such meetings.</p>
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>The Company engages its share registry to manage the majority of communications with shareholders and encourage them to receive correspondence from the Company electronically.</p>



## Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 7: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</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>	No	The Board has not established a separate independent risk committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a risk committee separate from the Board. Accordingly, the Board performs the role of Risk Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interests is not party to the relevant discussions.
<p><b>Recommendation 7.2</b></p> <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>	No	The Board reviews the risks to the Company at regular Board meetings.
<p><b>Recommendation 7.3</b></p> <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>	No	Given the size of the Company's operation, the Company does not have an internal audit function.
<p><b>Recommendation 7.4</b></p> <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>	Yes	The Company does not believe it has any material exposure to economic, environmental and social sustainability risks.



## Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</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>	No	<p>The functions that would be performed by a remuneration committee are performed by the full Board. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a remuneration committee separate from the Board.</p>
<p><b>Recommendation 8.2</b></p> <p>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.</p>	No	<p>An outline of the Company's remuneration policies in respect of directors and executives is set out in the audited Remunerations Reports section of the Directors' Report.</p>
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company has a share trading policy which includes prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>

