

## CATALYST METALS LIMITED

ABN 54 118 912 495

### CORPORATE GOVERNANCE STATEMENT

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A description of the Company's main corporate governance practices is set out below. These practices, unless otherwise stated, were in place for the entire financial year. Copies of relevant corporate governance policies and charters are available in the corporate governance section of the Company's web-site at [www.catalystmetals.com.au](http://www.catalystmetals.com.au).

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. Catalyst Metals Limited is a junior exploration company which currently operates with a limited number of permanent personnel and no executive directors.

This Corporate Governance Statement is current as at 30 June 2020 and was approved by the Board on 30 September 2020.

#### **BOARD OF DIRECTORS**

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The Board is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The Board's primary role is to formulate the strategic direction of the Company and to oversee the Company's business activities and management.

The Company has established functions reserved for the Board and those to be delegated to senior management, as set out in the Board charter. The charter states that the Board is responsible for:

- the overall strategic direction and leadership of the Company;
- approving and monitoring management implementation of objectives and strategies;
- approving the annual strategic plan and monitoring the progress of both financial and non-financial performance;
- the corporate governance of the Company, and
- the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

Due to the structure of the Company and the nature of its current activities, there is presently no designated Managing Director position within the Company. A Managing Director will be appointed when the level of activities and other circumstances warrant. Upon the appointment of a Managing Director, day to day management of the Company's affairs and the implementation of corporate strategies will be formally delegated by the Board to the Managing Director.

The Board is responsible for the appointment and removal of the Company Secretary. The Board charter sets out that the Company Secretary is accountable to the Board on all matters relating to the proper functioning of the Board.

#### ***Board composition and independence***

The Board charter states that the Board is to comprise an appropriate mix of both executive and non-executive directors and where possible, the roles of Chairman and Managing Director are not to be combined.

The Company has a four member Board comprising four non-executive directors, including the Chairman. Mr Boston and Mr Scrimgeour are not considered independent by virtue of their respective major shareholdings in the Company, neither is Mr Kay by virtue of financial remuneration during the year. Mr Schwab is considered an independent director based on the principles set out below.

The Board has adopted ASX recommended principles in relation to the assessment of directors' independence, which identifies shareholdings, executive roles and contractual relationships which may affect independent status. The Board does not believe that length of service is a potential indicator that independence may have been compromised. Financial materiality thresholds used in the assessment of independence are set at 10% of the annual gross expenditure of the Company and/or 25% of the annual income or business turnover of the director.

Under present circumstances, there is not a majority of directors classified as being independent, according to ASX guidelines. Board members should possess complementary business disciplines and experience aligned with the Company's objectives, with a number of directors being independent and where appropriate, major shareholders being represented on the Board. Where any director has a material personal interest in a matter, the director must declare their interest and is not permitted to be present during discussions or to vote on the matter.

The composition of the Board is considered suitable for the Company's current structure and level of operations and includes an appropriate mix of skills, expertise and experience relevant to the Company's current business operations. A Board skills matrix setting out the mix of skills and diversity that the Board aims to achieve will be progressively introduced as the size and level of activities of the Company expands in the future. Details of the experience, qualifications and term of office of directors are set out in the Directors' Report section of the 2020 annual report.

Having regard to the share ownership structure of the Company, it is considered appropriate by the Board that a major shareholder may be represented on the Board and if nominated, hold the position of Chairman. Such appointment would not be deemed to be independent under ASX guidelines. The Chairman is expected to bring independent thought and judgement to their role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chairman must declare their interest and abstain from any consideration or voting on the relevant matter.

Each director has an agreement in writing with the Company, which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities. Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which shall not be unreasonably withheld.

### ***Performance assessment***

The Board has adopted a process for an annual self-assessment of its collective performance, the performance of individual directors and of Board committees. The Chairman meets with each non-executive director separately to discuss individual performance and the Board as a whole discusses and analyses its performance over the previous 12 months and examines ways in which the Board can better perform its duties. No formal assessment was undertaken during the year, however, the Chairman assesses the performance of the Board, individual directors and Board committees on an ongoing basis and undertakes informal appraisals with relevant directors.

The performance of senior executives will be reviewed annually by the Board through a formal performance appraisal and interview. Currently, the Board is collectively responsible for the evaluation of any senior executives. Executive remuneration and other terms of employment will be reviewed annually by the Board having regard to performance, relevant comparative information and where appropriate, expert advice. The Company does not presently have any senior executive positions and accordingly, no formal evaluation of senior executive performance was undertaken during the year.

### **BOARD COMMITTEES**

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The Board has established a separate audit committee. Matters determined by the committee are submitted to the full Board as recommendations for Board consideration.

Membership of the audit committee comprises two non-executive directors, Mr Schwab (chairman) and Mr Scrimgeour. Details of the qualifications of committee members and attendance at audit committee meetings are set out in the Directors' Report section of the 2020 annual report.

The audit committee operates in accordance with a written charter. The audit committee oversees accounting and reporting practices and is also responsible for:

- reviewing statutory financial reports and all other financial information distributed externally;
- co-ordination and appraisal of the quality of the audits conducted by the external auditor;
- determination of the independence and effectiveness of the external auditor and assessment of whether non-audit services have the potential to impair auditor independence;
- reviewing the adequacy of the reporting and accounting controls of the Company.

The current size of the Board and the stage of development of the Company do not warrant the establishment of separate remuneration or nomination committees. The directors as a whole are responsible for the functions normally undertaken by these committees. In circumstances where the growth or complexity of the Company changes, the establishment of separate committees will be reconsidered.

The Board reviews all remuneration policies and practices for the Company, including overall strategies in relation to executive remuneration policies and compensation arrangements for any executive directors and senior management, as well as all equity based remuneration plans. The structure for the remuneration of non-executive directors and any senior executives is separate and distinct. Details of the Company's remuneration policies are set out in the Remuneration Report section of the 2020 annual report.

### ***Board nomination procedures***

The current size of the full Board permits it to act as the nomination committee and to regularly review membership. When a Board vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness and then undertakes a selection process to identify candidates who can meet those criteria.

Prior to a candidate being considered for appointment as a director of the Company, appropriate enquiries are made as to the person's character, experience, education, criminal record and bankruptcy history. Shareholders are provided with relevant information on any directors standing for re-election at a general meeting of the Company, including relevant qualifications and experience.

New directors are provided with an induction including comprehensive briefings with the Chairman and senior executives, visits to operating sites and provision of information on the Company including Company and Board policies and other relevant documents.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake professional development programmes and training to develop and maintain the skills and knowledge needed to perform their role as directors of the Company.

## **CORPORATE REPORTING**

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The chief executive officer (or equivalent) and chief financial officer provide a declaration to the Board that the Company's external financial reports present a true and fair view of the Company's financial condition and operational results and that the declaration in relation to the integrity of the Company's external financial reports is founded on sound risk management and internal control systems and that those systems are operating effectively in relation to financial reporting risks.

The external auditors provide an annual declaration of their independence to the Board. The current audit engagement partner has conducted the audit since December 2019 with rotation due no later than five years from that date.

## **RISK MANAGEMENT**

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The Company does not have a separate internal audit function as the Board believes that existing internal controls and management systems provide sufficient assurance that the Company's risk management, governance and internal control processes are operating effectively. Operational, financial, legal, compliance and strategic risks are managed as part of the day-to-day management of the Company's affairs with the support of relevant external professional advisers as required.

No separate risk committee has been established. The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management will be delegated in the future to the appropriate level of management within the Company with the Managing Director (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

The Company's risk management systems are evolving and it is recognised that the extent of the systems will develop with the growth in the Company's activities. Internal controls are designed to manage both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non-financial information.

As the Board currently has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively.

The Company undertakes mineral exploration activities and recognises that there are inherent risks in conducting its business operations. Material risks associated with economic, environmental and social sustainability include operational risks, occupational, health and safety, community and environmental risks, mineral resource estimates, metal prices and exchange rate fluctuations, financing and working capital requirements, compliance and regulatory risks.

Some of these risks are beyond the Company's direct control and require risk mitigation strategies whilst other risks are directly within the control of the Company and are managed through operational and management systems and procedures.

### **CODE OF CONDUCT**

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A formal code of conduct has been established and applies to all directors and employees, to guide compliance with the legitimate interests of all stakeholders. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company's share trading policy prohibits the purchase or disposal of securities by directors, senior executives and other designated persons in the period of one week prior to the release of quarterly reports and the Company's annual and half-year financial results. Any proposed trading to be undertaken must be notified to the Chairman or Company Secretary in advance.

Where the Company grants securities under an equity based remuneration scheme, participants are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the scheme.

### **EMPLOYMENT DIVERSITY**

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The Board recognises the benefits of achieving an appropriate mix of diversity on its Board and throughout the Company as a means of enhancing the Company's performance and organisational capabilities. However, due to the current size and stage of development of the Company and there being a limited number of permanent employees, the Board had elected not to establish a formal diversity policy until July 2020.

The Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation. The Board has determined that no specific measurable objectives will be established until such time as the number of employees and level of activities of the Company increases to a level sufficient to enable meaningful and achievable objectives to be developed.

The appropriate mix of skills and diversity for membership of the Board is considered as part of ongoing nomination and succession planning and which recognises the value of balanced gender representation.

The Board currently comprises four directors, none of whom are female. The Company Secretary and the Chief Financial Officer are both male. There are 5 permanent employees of which 2 are female and there were 17 casual employees of which 4 are female.

### **CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATIONS**

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The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. Material information is lodged immediately with the ASX and then disseminated by posting on the Company's web-site.

The Board has adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings. The Company and the share registry offer mechanisms for electronic communication by shareholders, including an e-mail alert facility available through the Company's web-site. The external auditor is required to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

All shareholders are entitled to elect to receive a printed copy of the Company's annual report upon request. In addition, all market announcements, media briefings, details of shareholders' meetings, press releases and financial reports are made available on the Company's web-site.