

CORPORATE GOVERNANCE STATEMENT

Introduction

Vysarn Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company refers to the recommended corporate governance practices for ASX listed entities set out in the ASX Corporate Governance Council Principles and Recommendations (**Principles and Recommendations**). During the period 1 July 2018 to 30 June 2019 (**Reporting Period**), the Company's governance framework was established with reference to the 3rd edition of the Principles and Recommendations. Subsequent to the Reporting Period, on 10 July 2019, the Company adopted a new corporate governance framework with reference to the 4th edition of the Principles and Recommendations.

This Corporate Governance Statement discloses the extent to which the Company followed the recommendations set out in the Principles and Recommendations (**Recommendations**) for the Reporting Period. The Recommendations are not mandatory, however, the Recommendations not followed have been identified and reasons have been provided for not following them along with what (if any) alternative governance practices the Company adopted in lieu of the recommendation.

The 4th edition of the Principles and Recommendations will take effect for the Company's first full financial year commencing on or after 1 January 2020. For the purposes of this statement, the Company has reported against the 3rd edition of the Principles and Recommendations.

The information in the statement is current at 31 October 2019 and was approved by a resolution of the Board on the 31 October 2019.

Corporate governance policies and procedures

The Company has adopted the following suite of corporate governance policies and procedures (together, the **Corporate Governance Policies**):

- Board Charter;
- Audit and Risk Committee Charter;
- Nomination and Remuneration Committee Charter;
- Policy and Procedure for the selection and (Re)Appointment of Directors;
- Process for performance evaluations;
- Risk Management Policy;
- Shareholder Communication and Investor Relations Policy;
- Securities Trading Policy;
- Code of Conduct;
- Anti-Bribery and Corruption Policy
- Whistleblower Policy;
- Diversity Policy;
- Continuous Disclosure Policy; and
- Continuous Disclosure Compliance Procedures.

The Company's Corporate Governance Policies are available on the Company's website at www.vysarn.com.au

Recommendations	Comply	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	Yes	The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter, which is disclosed on the Company's website.

Recommendations	Comply	Explanation																				
<p>Recommendation 1.2 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 relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>The Board undertakes appropriate checks to verify the suitability of the new candidates prior to their appointment. These checks were undertaken for all Directors appointed during the Reporting Period.</p> <p>The Company has appropriate procedures in place to ensure that material information relevant to election or re-election of a director, was disclosed in the Notice of Meeting provided to Shareholders. The Company provided all material information to Shareholders in relation to the re-election of Director Faldi Ismail at the annual general meeting held on 27 November 2018.</p>																				
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>The Company has a written agreement with each of its Directors, including its Executive Directors. The Company did not have any Senior Executives during the Reporting Period.</p> <p>The Board Charter outlines the Company's requirement to have a written agreement with each Director and senior executive of the Company which sets out the terms of that Director's or senior executive's appointment.</p>																				
<p>Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary was during the Reporting Period accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>																				
<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for 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:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) 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>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Workplace Gender Equality Act.</p>	No	<p>The Company has a Diversity Policy, which is disclosed on the Company's website. The Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Board has not set measurable objectives for achieving gender diversity.</p> <p>Given the Company's stage of development and the number of employees, the Board considers it is not practical to set measurable objectives for achieving gender diversity at this time.</p> <p>The respective proportions of men and women on the Board, in senior executive positions and across the whole organisations are set out in the following table. Senior executives for these purposes means those person who report directly to the chief executive officer (or equivalent):</p> <table border="1"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Board of Vysarn</td> <td>5</td> <td>-</td> <td>5</td> </tr> <tr> <td>Senior executives</td> <td>-</td> <td>1</td> <td>1</td> </tr> <tr> <td>Balance of employees</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>5</td> <td>1</td> <td>6</td> </tr> </tbody> </table>		Male	Female	Total	Board of Vysarn	5	-	5	Senior executives	-	1	1	Balance of employees	-	-	-	Total	5	1	6
	Male	Female	Total																			
Board of Vysarn	5	-	5																			
Senior executives	-	1	1																			
Balance of employees	-	-	-																			
Total	5	1	6																			
<p>Recommendation 1.6 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>	No	<p>During the Reporting Period the full Board in its capacity as the Nomination and Remuneration Committee was responsible for conducting a performance evaluation of the Board, its Committees (if any) and individual Directors. The Company did not have an established process for performance evaluation.</p> <p>No performance evaluation of the Board or individual Directors was conducted during the Reporting Period. Performance evaluations were deferred due to the anticipated changes to the Board as a result of the completion of the transaction under the Asset Sale Agreement, for full details refer to Section 5. Review of Operations, in the Annual Report commencing at page 5.</p> <p>Subsequent to the Reporting Period the Company has now adopted a Process for Performance Evaluations which is disclosed on the Company's website.</p>																				

Recommendations	Comply	Explanation
<p>Recommendation 1.7 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>	No	<p>No performance evaluation for senior executives was undertaken during the Reporting Period, as there were no senior executives during the Reporting Period.</p> <p>Subsequent to the Reporting Period the Company has now adopted a Process for Performance Evaluations which is disclosed on the Company's website.</p>
<p>Principle 2: Structure the board to add value</p>		
<p>Recommendation 2.1 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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The Company did not have a separate Nomination and Remuneration Committee.</p> <p>Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination and Remuneration Committee. Accordingly, the Board as a whole performed the role of the Nomination and Remuneration Committee.</p> <p>Although the Board did not establish a separate Nomination and Remuneration Committee, it did adopt a Nomination and Remuneration Committee Charter, which describes the role, composition and responsibilities of the full Board in its capacity as the Nomination and Remuneration Committee which is disclosed on the Company's website.</p> <p>During the Reporting Period, items that are usually required to be discussed by a Nomination and Remuneration Committee are marked as separate agenda items at Board meetings when required, and when the Board convened to address matters as the Nomination and Remuneration Committee it carried out the functions which are delegated to it in the Company's Nomination and Remuneration Committee Charter. The Board deals with any conflicts of interest that occur when it performs the functions of a Nomination and Remuneration Committee by ensuring that any Director with a conflicting interest is not party to the relevant discussions.</p>
<p>Recommendation 2.2 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>	Yes	<p>The details of the current skill set of the current Directors are set out in the description of each Director in the Annual Report commencing at page 4.</p> <p>Key Skill sets identified as being appropriate by the Board include:</p> <ul style="list-style-type: none"> - strategic expertise; - public company director experience; - mining and resource drilling and water management services; - human resources occupational health and safety

Recommendations	Comply	Explanation												
<p>Recommendation 2.3 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>	Yes	<p>The board considered the independence of Directors with regards to factors set out in Box 2.3 of the ASX Principle and Recommendations. During the Reporting Period the Company had two independent directors Messrs Ismail and Young (former directors). These directors were independent for the period 1 July 2018 to 19 June 2019. The former directors became non-independent with the execution of a mandate with Vysarn Limited to provide Corporate Advisor and Lead Manager services to the Company.</p> <p>The Company does not currently have any independent directors.</p> <p>Names of Directors during the Reporting Period and their length of service up to the date of this statement, or their resignation date is noted below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Length of Service</th> </tr> </thead> <tbody> <tr> <td>Mr Peter Hutchinson (Chairman)</td> <td>2 years¹</td> </tr> <tr> <td>Mr Faldi Ismail</td> <td>2 years and 8 months²</td> </tr> <tr> <td>Mr Nicholas Young</td> <td>2 years and 8 months³</td> </tr> <tr> <td>Mr Sheldon Burt</td> <td>5 months⁴</td> </tr> <tr> <td>Mr Christopher Brophy</td> <td>5 months⁵</td> </tr> </tbody> </table>	Name	Length of Service	Mr Peter Hutchinson (Chairman)	2 years ¹	Mr Faldi Ismail	2 years and 8 months ²	Mr Nicholas Young	2 years and 8 months ³	Mr Sheldon Burt	5 months ⁴	Mr Christopher Brophy	5 months ⁵
Name	Length of Service													
Mr Peter Hutchinson (Chairman)	2 years ¹													
Mr Faldi Ismail	2 years and 8 months ²													
Mr Nicholas Young	2 years and 8 months ³													
Mr Sheldon Burt	5 months ⁴													
Mr Christopher Brophy	5 months ⁵													
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	No	<p>As set out in the Company's Board Charter, where practical and consistent with the Company's stage of development, a majority of the Board should be comprised of independent directors, and the Chairman should be an independent non-executive director.</p> <p>However, following the Company's re-admission to the Official List, the Board had no independent directors as Messrs Brophy and Burt perform an executive role with the Company, and Mr Hutchinson is a substantial shareholder of the Company.</p> <p>Subsequent to the Reporting Period, on 28 October 2019, Mr Brophy resigned from his executive position with the Company, and remains as a Non-executive Director of the Company. However, due to his previous executive role with the Company, he remains a non-independent Director.</p> <p>The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. However, the Board considered that a Board weighted towards industry and technical experience is appropriate at the stage of the Company's development.</p> <p>As the Company's operations progress, the Board will review the composition of the Board, including independence of its Directors.</p>												

¹ At the date of this statement

² At the date of resignation 29.08.2019

³ At the date of resignation 29.08.2019

⁴ At the date of this statement

⁵ At the date of this statement

Recommendations	Comply	Explanation
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	No	<p>The Non-executive Chairman of the Board is Mr Hutchinson. Mr Hutchinson is a substantial security holder of the Company who acted in the capacity of CEO during the Reporting Period. Notwithstanding the lack of independence, the Board deemed Mr Hutchinson to be the most appropriate person as the Chair or the Company given his:</p> <ul style="list-style-type: none"> - experience in the role of Chairman; and - extensive Public Company experience <p>Subsequent to the end of the Reporting Period Mr Hutchinson moved into the role of the non-executive Chairman.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Yes	<p>During the Reporting Period, the Board Charter stated the Company was committed to the development of its Directors. The Board was responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company now has an induction program for its executive and senior executives that was adopted subsequent to the Reporting Period.</p>
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1 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>	Yes	<p>During the Reporting Period, the Company had a Corporate Code of Conduct for its directors, senior executive and employees, which was disclosed on the Company's website.</p> <p>Subsequent to the Reporting Period, the Company adopted a new Code of Conduct, Anti-Bribery and Corruption Policy and Whistle-blower Policy, all of which are available on the Company's website.</p>
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1 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,</p> <p>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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Yes	<p>The Company did not have a separate Audit and Risk Committee.</p> <p>Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit and Risk Committee. Accordingly, the Board performs the role of the Audit and Risk Committee.</p> <p>Although the Board does not have a separate Audit and Risk Committee, it had adopted an Audit and Risk Committee Charter, which is disclosed on the Company's website.</p> <p>During the Reporting Period, items that are usually required to be discussed by an Audit and Risk Committee are marked as separate agenda items at Board meetings when required, and when the Board convened to address matters as the Audit and Risk Committee it carried out the functions which are delegated to it in the Company's Audit and Risk Committee Charter. The Board deals with any conflicts of interest that occur when it performs the functions of an Audit and Risk Committee by ensuring that any Director with a conflicting interest is not party to the relevant discussions.</p> <p>During the Reporting Period, the Board was responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor was reviewed on an annual basis by the Board.</p> <p>Subsequent to the end of the Reporting Period the Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is an appendix to the Audit and Risk Committee Charter.</p>

Recommendations	Comply	Explanation
<p>Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that 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	During the Reporting Period, the Board received, prior to approving the Company's financial statements, from the CEO and CFO the declaration required that in their opinion the financial records of the entity had been properly maintained and that the financial statements complied with the appropriate accounting standards and gave a true and fair view of the financial position and performance of the Company and that the opinion had been formed on the basis of a sound system of risk management and internal control which was operating effectively.
<p>Recommendation 4.3 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	The Company ensures that its external auditor attends its Annual General Meeting (AGM) and are available to answer questions from security holders relevant to the audit. A representative from the Company's auditors Pitcher Partners (Perth) attended the AGM held on 27 November 2018.
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 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.</p>	Yes	During the Reporting Period, the Company had a Continuous Disclosure Policy which set out the processes the Company followed to comply with its continuous disclosure obligations under the ASX Listing Rules. During the Reporting period, the Continuous Disclosure Policy was disclosed on the Company's website. Subsequent to the Reporting Period, the Company adopted an updated Continuous Disclosure Policy and Continuous Disclosure Compliance Procedures, both of which are available on the Company website.
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	Information about the Company and its governance practices is available on its website at www.vysarn.com.au
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	During the Reporting Period, the Company had a Shareholder Communications Strategy, which aimed to promote and facilitate effective two-way communication with investors. During the Reporting Period, the Shareholder Communications Strategy was available on the Company's website. Subsequent to Reporting Period the Company adopted a Shareholder Investor Relations and Communications Policy, which is available on the Company's website.
<p>Recommendation 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.</p>	Yes	Shareholders are encouraged to participate at all Shareholder meetings of the Company. Upon the despatch of any Notice of Meeting to Shareholders, the Company Secretary shall send out material with that Notice of Meeting stating that all Shareholders are encouraged to participate at the meeting. Subsequent to the Reporting Period, the Company adopted a Shareholder Investor Relations and Communications Policy, which is available on the Company's website. The policy outline the processes the Company has place to facilitate and encourage participation at meetings by Shareholders.
<p>Recommendation 6.4 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	During the Reporting Period Shareholders were given the option to receive and send communications electronically, this was a service provided through the Company Share Registry.

Recommendations	Comply	Explanation
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	Yes	<p>The Company did not have a separate Risk Committee.</p> <p>Please refer to disclosure in relation to Recommendation 4.1 above.</p>
<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Board reviewed the Company's risk management framework during the Reporting Period in conjunction with the ASX reinstatement process and the establishment of the Company's new governance framework.</p>
<p>Recommendation 7.3 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>	Yes	<p>The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management process and internal control process. The Board relies on the ongoing reporting and discussion of the management of material business risk as part of the risk management framework, which is now outlined in its risk management policy.</p>
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>During the Reporting Period the Company did not have material exposure to economic, environmental or social sustainability risks.</p>

Recommendations	Comply	Explanation
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1 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>	Yes	<p>The Company did not have a separate Remuneration Committee.</p> <p>Please refer to disclosure in relation to Recommendation 2.1 above.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>Details of the Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives for the Reporting Period are set out in the Company's Remuneration Report commencing on page 7 of the Annual Report.</p>
<p>Recommendation 8.3 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>	N/A	<p>The Company does not have an equity-based remuneration scheme in place.</p>