



**luirigold**

# LUIRI GOLD LIMITED

EXEMPT COMPANY – 46884

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## CORPORATE GOVERNANCE STATEMENT

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The Board of Directors of Luirigold Limited (“Company”) is committed to maintaining the highest possible standards of corporate governance for the Company and the entities it controls, and supports the ASX Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition (released in March 2014) (“Recommendations”). The Company’s practices are largely consistent with the Recommendations. The Board considers that the implementation of a small number of the Recommendations is not appropriate, for the reasons noted below in relation to the particular items concerned.

The following summary sets out the Company’s corporate governance principles which were in place during the period between 1 January 2015 and 31 December 2015. For ease of reference, this statement has been prepared and presented in a format consistent with the Recommendations.

### Principle and Recommendations

#### 1 – Lay solid foundations for management and oversight

##### **Recommendation 1.1:** *Role of Board and management*

In general the Board is responsible for and has the authority to determine, all matters relating to policies, procedures and practices, managements performance and operations of the Company. The Board is also responsible for the overall corporate governance of the Company and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also ensures that the Company complies with all its contractual, statutory and any other legal and regulatory obligations. Where the Board considers that particular expertise or information is required which is not available from within the Board, appropriate external advice may be taken and reviewed prior to a final decision being made.

Without limiting the general role of the Board, the principle functions and responsibilities include the matters set out below, subject to delegation to the Chief Executive Officer (“CEO”) and senior management as specified elsewhere in this statement or as otherwise appropriate:

- charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- monitoring the implementation of those policies and strategies and the achievement of those financial objectives and performance against the strategic plan and budgets;
- monitoring compliance with control and accountability systems, significant disclosures to the market, regulatory requirements and ethical standards;
- ensuring the preparation of accurate financial reports and statements;
- reporting to shareholders and the investment community on the performance and state of the Company;
- ensuring that appropriate audit arrangements are in place; and
- ensuring that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately.

The Board has delegated to the CEO, authority over the day to day management of the Company and its operation. This delegation of authority includes responsibility for implementing the policies and strategies set by the Board and presenting accurate and timely reports to the Board.

**Recommendation 1.2:** *Information regarding election and re-election of director candidates*

The policy and procedures for the selection and appointment of new directors is that candidates are selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, and credibility within the Company’s scope of activities. Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. The Company has appropriate procedures in place to ensure that material information to a decision to elect or re-elect a director (including whether directors support the nomination) is disclosed in the notice of meeting provided to shareholders.

Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer).

However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

**Recommendation 1.3:** *Written contracts of appointment*

New directors receive notice of their appointment and a deed of indemnity, insurance and access. Non-executive directors are not appointed for fixed terms. Executive directors and senior executives will have written service contracts which set out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.

**Recommendation 1.4:** *Company Secretary*

The company secretary is accountable directly to the Board (through the Chairman) for facilitating the Company’s corporate governance processes and the proper functioning of the Board. Each director is entitled to access the advice and services of the company secretary.

**Recommendation 1.5: Diversity**

The Board has adopted a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

Given the small size of the Company, the Board has not set measurable objectives for achieving gender diversity. However, the Company's Board does take into account the gender, age, ethnicity and cultural background of potential Board members, executives and employees.

At the date of this report the Company has one employee who is an executive director and is female, representing 25% of the Board.

A copy of the Company's Diversity Policy can be accessed on the Company's website.

**Recommendation 1.6: Board reviews**

The Chair is responsible for evaluating the performance of the Board, Board committees and individual directors. Evaluations of the Board and its committees are undertaken by way of round-table discussions and individual directors by one on one interview.

During the Reporting Period an evaluation of the Board and individual directors took place in accordance with the process disclosed above.

**Recommendation 1.7: Management reviews**

The Chair is responsible for evaluating the performance of senior executives. The performance evaluation of senior executives is undertaken by meetings held with each senior executive and the Chair on an informal basis at least once a year.

During the Reporting Period there were no senior executives who are not also directors.

## **2 – Structure the board to add value**

**Recommendation 2.1: Nominations committee**

The Board has not established a nomination committee. The Board considers that a separate nomination committee is not warranted and the Board as a whole deals with areas that would normally fall within the charge of a nomination committee.

When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Nomination Committee during the Reporting Period. Informal nomination-related discussions occurred from time to time during the year as required.

**Recommendation 2.2: Board skills matrix**

The Board has not adopted a formal skills matrix but reviews the skills required to discharge its duties, based on the Company's stage of development, on an on-going basis.

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board are: ability to provide guidance on the acquisition and development of the Company's potential assets; independence; understanding of exploration; capital markets; geological; accounting and finance; and mining experience.

**Recommendation 2.3:** *Disclose independence and length of service*

Details of the Company's independent directors, and the length of service of each director, can be accessed on the Company's website.

**Recommendation 2.4:** *Majority of directors are independent*

For the Reporting Period the Board did not have a majority of directors who were independent. The Company has not complied with this Recommendation. The Board currently has one independent director.

Given the size and scope of the Company's operations, the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and operational perspective.

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

**Recommendation 2.5:** *Chair should be independent*

The non-executive Chairman, Mr Robert Brown, is not independent. Given the Company's size and stage of growth the Board believes that the Company benefits from his skills and experience in this role. This will be considered as part of each review of the skills, experience and performance of the Board.

**Recommendation 2.6:** *Induction and personal development*

There is no formal induction process, however directors are encouraged to continue to expand their knowledge base and professional skills through attendance at suitable seminars and conferences.

### **3 – Act ethically and responsibly**

**Recommendation 3.1:** *Code of conduct*

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A copy of the Company's Code of Conduct can be accessed on the Company's website.

### **4 – Safeguard integrity in corporate reporting**

**Recommendation 4.1:** *Audit committee*

Currently, as the Board consists of only 4 members, the Board performs the role of the Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter.

The Board has stated its audit and compliance responsibilities in the Board Charter.

**Recommendation 4.2: CEO and CFO certification of financial statements**

Prior to the approval of the Group's financial statements each year, the CEO and the Chief Financial Officer confirm in writing to the Board that the financial reports of the Company for year:

- present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all respects material to financial reporting risks.

**Recommendation 4.3: External auditor at AGM**

The Company holds its Annual General Meeting in its place of incorporation, Bermuda, which makes it impractical for many of the Company's shareholders or the Company's auditors, HLB Mann Judd to attend. Shareholders may submit questions to the auditors in writing through the company secretary.

## **5 – Make timely and balanced disclosure**

**Recommendation 5.1: Disclosure and Communications Policy**

The Company has adopted a Continuous Disclosure Policy to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules. The Policy sets out the key obligations of the Board, senior executives and staff to ensure that price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner and that all information provided to the ASX is posted on the Company's website as soon as possible after its disclosure to the ASX.

The company secretary manages the Company's compliance with its continuous disclosure obligations and is responsible for communications with, and coordinating disclosure of information to the ASX.

Directors receive copies of all announcements released to the ASX and copies of related information, such as financial statements and public presentations, and are aware of and accountable for the Company's compliance with regard to continuous disclosure.

## **6 – Respect the rights of security holders**

**Recommendation 6.1: Information on website**

Information about the Company and its operations, when applicable, is located at:

<http://luirigold.com/>

Information about the Company's corporate governance policies is located at:

<http://luirigold.com/index.php/corporate-governance/>

**Recommendation 6.2: Investor relations programs**

The Company is committed to informing shareholders of all major developments affecting the operations of the Company and the state of its affairs, and has established a communications policy to that effect.

Communications to shareholders include:

- the annual report which is distributed, or otherwise made available, to all shareholders;
- the half-year financial report;
- the quarterly activities and cashflow report;
- the Annual General Meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate;
- Company announcements; and
- the Company's website.

The Company welcomes questions from shareholders at any time and these are answered promptly unless the information requested is market sensitive and not in the public domain. All announcements made by the Company to the ASX are posted to the Company's website.

The Company's Shareholder Communication Policy can be accessed on the Company's website.

**Recommendation 6.4:** *Facilitate participation at meetings of security holders*

The Company holds its Annual General Meeting in its place of incorporation, Bermuda, which makes it impractical for many of the Company's shareholders to attend. Shareholders are encouraged to participate in meetings by way of appointment of a proxy, and are provided all relevant information in the Notice of Meeting.

**Recommendation 6.5:** *Facilitate electronic communications*

The Company has the capability to communicate with shareholders electronically through its website and email communications. Electronic contact details are provided on the Company's website.

## **7 – Recognise and manage risk**

**Recommendation 7.1:** *Risk committee*

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates the day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director has unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval; and
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations.

The Company's Risk Management Policy can be accessed on the Company's website.

**Recommendation 7.2: Annual risk review**

The Board requires management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively.

The key categories of risk of the Company, as reported on by management, include:

- cash management and the ability to raise fresh equity capital;
- financial reporting;
- ASX and statutory reporting compliance;
- project ownership retention;
- employee health and safety;
- retention of key employees;
- environmental compliance;
- foreign exchange risk; and
- sovereign risk.

The Board undertakes a detailed review of risks and risk management strategy at least annually.

**Recommendation 7.3: Internal audit**

The Company does not have a formal internal audit function. The Board will monitor the need for an internal audit. The Company's management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement, these systems are developed.

**Recommendation 7.4: Sustainability risks**

Currently, the Company faces risks inherent in raising capital and acquiring a suitable project. As a mineral exploration company, it will face inherent risks in its activities, including economic, environmental and social sustainability risks which may have a material impact on the Company's ability to create value.

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer).

However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

## **8 – Remunerate fairly and responsibly**

### **Recommendation 8.1: *Remuneration committee***

The Board has not established a Remuneration Committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee.

The Board critically reviews the compensation arrangements for executive and non-executive directors and senior executives. Remuneration policies of the Company are reviewed at least annually by the Board to ensure that remuneration packages of senior executives properly reflect their duties and responsibilities, and are competitive in attracting, motivating and retaining people of the highest calibre.

### **Recommendation 8.2: *Disclosure of executive and non-executive director remuneration policy***

The Company's constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by general meeting. Remuneration does not include any performance based components. There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company currently has one executive director who is on a monthly agreement, on an as required basis, until the Company acquires a new project.

### **Recommendation 8.3: *Equity based remuneration scheme***

The Company does not have an equity based remuneration scheme.