

# OKLO RESOURCES LIMITED

## 2019 CORPORATE GOVERNANCE STATEMENT

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### Corporate Governance Principles

The Board of Directors of Oklo Resources Limited (the “Company”) is responsible for establishing the corporate governance framework of the Company and its subsidiaries (the “Group”) having regard to the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition). The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Council’s principles are summarised as follows:

- Principle 1** Lay solid foundations for management and oversight
- Principle 2** Structure the board to add value
- Principle 3** Act ethically and responsibly
- Principle 4** Safeguard integrity in corporate reporting
- Principle 5** Make timely and balanced disclosure
- Principle 6** Respect the rights of security holders
- Principle 7** Recognise and manage risk
- Principle 8** Remunerate fairly and responsibly

This statement outlines the main corporate governance practices in place during the year ended 30 June 2019, which comply with the ASX Corporate Governance Council recommendations, except where noted.

In accordance with the recommendations of the ASX Corporate Governance Council, information published on the Company’s website includes information about the Group, charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

This Corporate Governance Statement is current as at 30 June 2019 and has been adopted by the Board.

### **Principle 1 Lay solid foundations for management and oversight**

#### **Role of Board and management**

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. To fulfil this role, the Board is responsible for the overall governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management’s goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The Board has established a framework for the management of the Group including a system of internal control, a business risk management process and appropriate ethical standards. The full Board schedules meetings, including strategy meetings and any extraordinary meetings, as necessary to address any specific significant matters that may arise. The agenda for meetings is prepared in conjunction with the Chairman and Managing Director. Standing items include financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

Each director has the right of access to all relevant company information and to the Company’s executives and, subject to prior consultation with the Chairman, may seek independent professional advice from suitably qualified adviser at the Group’s expense. The

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Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

The Board delegates to the Managing Director the responsibility for managing the day to day operations of the Group. The Managing Director is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

The Group has not established separate Board committees during the year as it is not currently considered to be of a size, nor is its affairs of such complexity to justify their establishment. Accordingly, all matters that may be considered by such committees are dealt with by the full Board. Details of the Board's procedures in respect to each of these areas are further outlined within the Corporate Governance Statement below (see Nomination Committee, Audit and Risk Committees and Remuneration Committee respectively).

#### **Appointment of new directors**

The Board identifies potential candidates and may take advice from an external consultant. Potential new directors are subject to appropriate and prudent background and screening checks prior to appointment. Board candidates must stand for election at the next general meeting of shareholders following such appointment, where information is set out to shareholders including; biographical details, other material directorships, any material adverse information revealed by checks and details of interest, position, association or relationship that might have influence.

#### **Letters of appointment for Directors and senior executives**

A letter of appointment for new directors contains key terms and conditions relevant to that appointment. The Managing Director, Technical Director and senior executives have entered into agreements with the Company in respect of their services.

#### **Company Secretary**

The Company Secretary reports directly to the Board and supports the Board by advising on governance matters, monitoring implementation of policy and procedures, co-ordinating and timely despatch of Board papers and ensuring minutes accurately capture the business conducted at Board meetings.

#### **Diversity**

The Group recognises and respects the value of diversity at all levels of the organisation. A formal diversity policy has been adopted that formalises the Group's objective to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising skills are not gender specific. The policy is available on the Company's website.

The Group is committed to achieving the goals of:

- Providing access to equal opportunities at work which is merit based, allowing employees to be considered for advancement and secondment opportunities based on achievement, experience and the value they could bring to a role; and
- Fostering a corporate culture that embraces and values diversity.

The Group's policy on diversity provides a framework for the Group to achieve objectives that encompass gender equality. It does not propose to establish measurable gender diversity objectives in the future.

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The Company has the following appointments by gender:

Position *	Female	Male	Total
Directors	-	3	3
Senior executives **	2	1	3
Other employees***	3	45	48

\* Includes personnel who contract their services to the Company

\*\* Senior executives comprise the General Manager – Exploration, Chief Financial Officer and Company Secretary

\*\*\* All "Other employees" are located in Mali

### Evaluation of the board, committees, directors and senior executives

The Chairman is responsible for the evaluation of the Board's performance, the performance of its committees and individual directors on an annual basis. The Managing Director is responsible for annual evaluations of senior executives. Informal evaluations of the Board and directors took place during the year. The annual review includes the following:

1. For the board - consideration of a comparison of performance against the requirements of the board charter, assessment of the performance of the board over the previous 12 months having regard to corporate strategies and the annual budget, identification of any particular goals and objectives of the board for the next year, review of the type and timing of information provided to the directors, and identification of any necessary or desirable improvements to the board charter;
2. For individual directors - regard is given to their contribution to board discussion and function, contribution to Company strategy and their availability for and attendance at board meetings and other relevant events.

### Principle 2 Structure the board to add value

#### Nomination committee

The Board considers that a formally constituted Nomination Committee is not appropriate at this stage as there would be no efficiencies or other benefits gained by establishing this committee. As part of its usual role, the full Board oversees the appointment and induction process for directors, and the selection, appointment, evaluation and succession planning process of the Company's directors and senior executives. When a vacancy exists or there is a need for a particular skill, the Board determines the selection criteria that will be applied. The Board then identifies suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates.

#### Board skills matrix

The Board uses a skills matrix to guide its assessment of the skills and experience of current Directors, and those skills that the Board considers will complement the effective functioning of the Board. Current Directors possess a range of professional skills, some of which are summarised in the following table:

Industry specific knowledge and expertise	Specific experience, knowledge and expertise gained across the mining and exploration industry
Country specific knowledge and expertise	Specific experience, knowledge and expertise gained from regions and countries related to the Company's strategy and activities (in particular Africa) and specific knowledge of Mali
Financial acumen	Financial knowledge and experience, including an understanding of the financial statements of organisations the type and size of the Company
Strategic and	An ability to define strategic objectives and implement strategy

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commercial acumen	using analytical and technical expertise
Risk management	An understanding of risk management, including operational, financial reporting and compliance risks
Governance and compliance	Commitment to, and knowledge of, governance (incorporating experience gained from working in publicly listed companies) and sustainability issues

#### Composition of the Board

The following information on each of the Directors of the Company in office at the date of this report is set below:

Name	Position	Independent	Length of Services to 30 June 2019
Simon Taylor	Managing Director	No	5 years
Madani Diallo	Executive Director	No	3 years, 2 months
Simon O'Loughlin	Non-Executive Director	Yes	6 months

The names, skills, experience and expertise relevant for each director is set out in the Directors' Report contained in the Company's 2019 Annual Report:

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of expertise both nationally and internationally; Directors having extensive knowledge of the Company's industries, and those which do not, have expertise in significant aspects of auditing and financial reporting, or risk management and financing of public companies;
- The roles of Chairman and Managing Director are not to be exercised by the same individual; and
- At each Annual General Meeting one third of the directors (except the Managing Director) must resign, with Directors resigning based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

#### Director independence

Board members have experience in the management of public companies. The Board currently has one independent director. The Board considers that the current number of independent directors in the Company is appropriate for the effective execution of the Board's responsibilities. The Board considers that all the individuals on the Board can and do make quality and independent judgments in the best interests of the Company and possess the skills and experience suitable for building the Company. The Directors periodically monitor the need to appoint additional independent directors.

An independent director is a non-executive director and;

- Is not a substantial security holder of the Company or an officer of or directly or indirectly associated with a substantial security holder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;

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- Within the past three years has not been a principal of a material professional advisor or a material consultant to the Company or an employee associated with a such a material service provider or advisor; and,
- Does not have a material contractual relationship with the Company other than as a director of the Company.

#### **Director education**

The Group has an informal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors also have the opportunity to visit the Group's areas of interest and meet with management to gain a better understanding of business operations. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company.

#### **Principle 3 Act ethically and responsibly**

##### **Code of Conduct**

The Company has established a Code of Conduct (the "Code") that aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the directors, officers, employees and contractors in carrying out their roles for the Group. Through this Code, the Group seeks to encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business operator and "corporate citizen". A copy of this Code is available on the Company's website.

##### **Trading in Group securities by Directors and employees**

The Company has established a Security Trading Policy that is provided to all Directors and employees on commencement. The constitution permits directors to acquire shares in the Company. Company policy prohibits directors from dealing in shares whilst in possession of price sensitive information. Directors and the Company Secretary inform prior to and receive approval from the Chairman prior to undertaking any transaction in the Company's securities. The Chairman must obtain approval from the Board or the next most senior director before dealing in the Company's securities. In addition all Directors must notify the Company Secretary once they have bought or sold shares in the Company or exercised options over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, the Company on behalf of the directors, must advise the Australian Securities Exchange of any transactions conducted by the directors in shares and / or options in the Company.

Further details of the Company's Securities Trading Policy for Directors and employees is set out on the Company's website.

##### **Ethical Standards**

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

##### **Conflicts of Interest**

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned is not present at the meeting whilst the item is considered.

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

#### **Audit Committee**

The Company has not formally constituted an Audit Committee. With only three members, the Board considers that the Board itself is the appropriate forum to safeguard the integrity of the Group's financial reporting and oversee the independence of the external auditor.

The Board's collective experience enables identification of principal audit risks and the Board reviews the financial reports. The Group's size, particularly the number of transactions undertaken, enables specific focus to be given to large and / or unusual items in the financial information.

#### **CEO and CFO declaration**

The Chief Financial Officer and Managing Director confirm in respect of financial statements 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.

#### **External Audit**

The Company has no formal procedures for the selection and appointment of external auditors. However the Board ensures that the Company's auditor is of good standing, is appropriately qualified and observes appropriate audit practices including audit partner rotation within its audit firm.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the Auditor's Report.

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

#### **Communication with shareholders with timely and balanced disclosure**

The Board has formally documented the Group's continuous disclosure procedures and established a communications strategy. The Board, as part of its usual role, provides shareholders with information using comprehensive continuous disclosure processes which includes identifying matters that may have a material effect on the price of the Company's securities, notifying the ASX and issuing announcements. The Group's Disclosure of Information policy is available on the Company's website.

In summary, the continuous disclosure processes operate as follows:

- The Managing Director and the Company Secretary are responsible for all communications with the ASX. Matters that may have an effect on the price of the company's securities are advised to the ASX on the day they are discovered. Senior executives monitor all areas of the Group's internal and external environment;
- The full annual financial report is made available to all shareholders, and includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- The half-yearly report contains summarized financial information and a review of the operations of the Group during the period;
- Proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders; and

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- All announcements made to the market, and related information (including information provided to analysts and the media), are released to the ASX.

All information disclosed to the ASX is posted on the Company's website [www.okloresources.com](http://www.okloresources.com).

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

##### **Provide Information via website**

The Group is committed to effective, accurate and timely communication. The Group's Disclosure of Information policy mentioned above incorporates a shareholder communication policy. The shareholder communication policies specific to the website are summarised below and operate in conjunction with the general disclosure policies:

- The Company aims to maintain an up to date website which includes all information announced to ASX as well as other company information. All ASX announcements are posted to the company website as soon as possible after confirmation of receipt is received from ASX, including all financial reports;
- The website can be used as an effective tool for shareholders to make enquiry to the company via email or provide company contact information;
- The Company operates an email register for shareholders who wish to receive communications from the Company via email of any announcements made to the ASX once released to the market; and
- All Notices of Meetings and Explanatory Notes are placed on the website once released to the ASX and sent to the shareholders.

##### **Investor relation program**

The Company operates an email register for shareholders who wish to receive communications. A response will be provided to shareholder queries if received and Directors are available to meet with security holders on request. The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Shareholders are able to communicate with the Company electronically and can receive communications electronically.

Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the constitution. Copies of the constitution are available to any shareholder on request.

#### **Principle 7      Recognise and manage risk**

##### **Risk management committee**

The Group is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate risk management committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Group's operations ensures risks are identified, assessed and appropriately managed. A review of the risk management framework has occurred in conjunction with adoption of the Company's risk management policy. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

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### **Overview of the risk management system**

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing operational, financial reporting and compliance risks for the Group. The Group is not of a size nor are its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls.

The Managing Director, in accordance with Company policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other Directors at the directors' meetings.

Before approving the Group's yearly financial statements, the Chief Financial Officer and Managing Director declare to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

### **Internal Audit**

The Group does not have a formally established internal audit function. The Board ensures compliance with the internal controls and risk management procedures previously mentioned.

### **Material exposure to economic, environmental and social sustainability risks**

The Group undertakes minerals exploration and mining development and, as such, faces risks inherent to its business, including economic, environmental and social sustainability risks, which may materially impact the Group's ability to create or preserve value for security holders over the short, medium or long term.

The Group views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community.

The Group has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Risk Management Policy is located on the Company's website.

## **Principle 8 Remunerate fairly and responsibly**

### **Remuneration Committee**

The Board considers that a formally constituted Remuneration Committee is not appropriate as the Board consists of three members and no efficiencies or other benefits would be gained by establishing this committee. As part of its usual role, the Board oversees the appointment and remuneration of directors and the company's executive officers. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include a mix of fixed remuneration and equity-based remuneration.

### **Remuneration structures**

The remuneration structures explained below are designed to attract suitably qualified candidates, and to affect the broader outcome of maximizing the Group's profitability. The remuneration structures take into account:



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- Overall level of remuneration for each director and executive;
- The executive's ability to control the performance of the relevant area; and
- The amount of incentives within each executive's remuneration.

Executive Directors, Non-Executive Directors and senior executives receive a base fee and can be remunerated by way of share and option issues (for Directors, approved under a resolution at a general meeting of shareholders). The Board has not established retirement or redundancy schemes.

### Equity-based remuneration

There is no formal equity-based remuneration scheme, however shares and options can be issued as part remuneration. Securities can only be issued to Company Directors under a resolution at a general meeting of shareholders. The Directors and senior executives who participate in equity-based remuneration are prohibited from entering into transactions or arrangements that limit the economic risk of participating in unvested entitlements or entitlements subject to a holding lock.

### Non-Compliance with ASX Principles and Recommendations

The Company has not complied with the ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) as specified below:

	Notification of Departure	Explanation for Departure	Ref.
1.5	Measurable objectives for establishing gender diversity	The Company has established a policy that provides the framework for the Group to achieve objectives that encompass gender equality. It does not propose to establish measurable gender diversity objectives in the future as: <ul style="list-style-type: none"><li>• The Group's Directors and senior executives is a small, stable team of experienced personal. There is no intention to make changes in the near future; and</li><li>• The Group is committed to making all selection decisions on the basis of merit. Setting specific objectives for such a small team would potentially influence decision making to the detriment of the Group.</li></ul>	Page 2
1.7	Performance Evaluations - Senior Executives	Informal evaluations of senior executives did occur during the year. The Company has not disclosed the basis of such evaluation processes adopted by the Company. The Board takes ultimate responsibility for these matters and does not consider disclosure of performance evaluation necessary at this stage.	Page 3
2.4	A majority of the board of a listed entity should be independent directors	The Board considers that the current number of independent directors in the Company is appropriate for the effective execution of the Board's responsibilities. All individuals on the Board can and do make quality and independent judgments in the best interests of the Company and possess the skills and experience suitable for building the Company. The Directors periodically monitor the need to appoint additional independent directors.	Page 4