

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value through entrepreneurship, innovation, development and exploration and provide accountability and control systems commensurate with risks involved.

Good corporate governance will evolve with the changing circumstances of a Company and must be tailored to meet these circumstances. Elmore is a junior mining and exploration Company.

The Company's Board and management are committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001, Australian Securities Exchange (ASX) Listing Rules, Company Constitution and other applicable laws and regulations.

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). Elmore has adopted the 3rd Edition Recommendations and applies the recommendations to its corporate governance practices.

The table below sets out the Company's position as at 31 August 2018 with regards to its compliance with the 3rd Edition Recommendations:

Principle 1	Lay solid foundations for management and oversight
1.1	A listed entity should disclose: <ul style="list-style-type: none"> a) the functions reserved to the board and those delegated to senior management; and b) Those matters expressly reserved to the board and those delegated to management.
Company response	<p>The Company has formalised and disclosed the functions reserved to the board and those delegated to management. These functions can be viewed at the Company's website: www.elmoreltd.com.au</p> <p>The Company board comprises four directors, being one executive and three non-executive Directors. The roles and functions of directors within the Company are designed to allow it to best function within its level of available resources.</p> <p>The full board currently meets regularly, and specific significant matters are authorised and/or resolved via circular resolution.</p>
1.2	A listed entity should: <ul style="list-style-type: none"> a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.
Company response	<p>The Company analyses and reviews the qualifications and experience of any potential candidate. Background checks are performed where deemed appropriate for the position, including speaking with personal and professional references.</p> <p>The Company provides biographical details of proposed directors, as well as information relating to other directorships and interest which may reasonably be perceived to influence their capacity to bring independent judgement to the board.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.
Company response	Each director and senior executive has a written contract that sets out the terms of their appointment, including their responsibilities and remuneration.
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.
Company response	<p>The joint company secretaries are directly accountable to the board. Communication between the board and the company secretaries are encouraged and matters of corporate governance and compliance are a standing agenda item for board discussion.</p> <p>Professional development of directors, officers and management are encouraged by the Company and facilitated through the company secretaries.</p> <p>The Company adopts a policy of circulating board minutes at the earliest possible opportunity following the board meetings, to expedite the formalisation of items discussed at the meetings.</p>

1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; b) disclose that policy or a summary of it; and c) disclose as at the end of each reporting period 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 either; <ul style="list-style-type: none"> 1. the respective proportions of men and women on the board, in senior management positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 												
Company response	<p>The Company is an equal opportunity employer and strives to foster diversity across the organisation. The Company has adopted a diversity policy that is disclosed on its Company website. Due to the current size, nature and scale of the Company's activities the Board has not yet developed measurable objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.</p> <p>As at the end of the year, the Company had the following proportion of men and women across the organisation:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Men</th> <th style="text-align: center;">Women</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td style="text-align: center;">3</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Senior Executives</td> <td style="text-align: center;">3</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Whole Organisation</td> <td style="text-align: center;">145</td> <td style="text-align: center;">3</td> </tr> </tbody> </table>		Men	Women	Board	3	-	Senior Executives	3	-	Whole Organisation	145	3
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1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose the process for periodically evaluating the performance of the board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 												
Company response	<p>The Company undertakes an annual review of its board, and of individual directors. The review is a peer review, and the process is managed by the Chairman of the Board. Feedback in relation to the performance of the Board as a whole is tabled at the meeting following the review.</p>												
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of senior executives; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 												
Company response	<p>Currently, the Company engages all senior executives under executive service agreements or employment agreements. The Company has informal and regular performance evaluation processes and undertakes reviews of its senior executives annually.</p>												
Principle 2	Structure the board to add value												
2.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> a) have a nomination committee which: <ul style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, <p>and disclose</p> <ul style="list-style-type: none"> 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 												

Company response	<p>The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.</p> <p>Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is satisfactory and full details of all Directors are provided to shareholders in the annual report and on the Company's website.</p>																																											
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.																																											
Company response	<p>The current mix of board skills is represented in the matrix below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: black; color: white;"> <th style="width: 15%;">Skill</th> <th style="width: 35%;">Skill Overview</th> <th style="width: 15%;">Director A</th> <th style="width: 15%;">Director B</th> <th style="width: 15%;">Director C</th> </tr> </thead> <tbody> <tr> <td>Mineral Exploration</td> <td>Ability to identify and evaluate resource opportunities, undertake due diligence on resource acquisitions, plan and oversee exploration programs, and understand and evaluate JORC reporting, oversee and evaluate laboratory testing of mineral resources.</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Project Development</td> <td>Ability to use human and financial resources to develop and oversee project development to first production including managing budgets, sourcing and hiring appropriate personnel and overseeing the establishment of appropriate mining policies.</td> <td style="text-align: center;">2</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Mining & Operations</td> <td>Experience with mining operations, management of mining equipment and human capital, including health and safety. Ability to analyse mining operations and make decisions to maximize profitability.</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Risk & Compliance</td> <td>Identify key risks to the organisation related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements. Ability to prepare and review ASX compliant press releases and continuous reporting obligations.</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Financial & Audit</td> <td>Experience in accounting and finance to analyse financial statements, assess financial viability, contribute to financial planning, oversee budgets, and oversee funding arrangements.</td> <td style="text-align: center;">5</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Strategy</td> <td>Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business cycles.</td> <td style="text-align: center;">5</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Governance & Policy Development</td> <td>Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organisation should operate. Ability to manage conflicts of interest to ensure shareholders benefit.</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">5</td> </tr> </tbody> </table>				Skill	Skill Overview	Director A	Director B	Director C	Mineral Exploration	Ability to identify and evaluate resource opportunities, undertake due diligence on resource acquisitions, plan and oversee exploration programs, and understand and evaluate JORC reporting, oversee and evaluate laboratory testing of mineral resources.	1	1	4	Project Development	Ability to use human and financial resources to develop and oversee project development to first production including managing budgets, sourcing and hiring appropriate personnel and overseeing the establishment of appropriate mining policies.	2	4	5	Mining & Operations	Experience with mining operations, management of mining equipment and human capital, including health and safety. Ability to analyse mining operations and make decisions to maximize profitability.	3	1	3	Risk & Compliance	Identify key risks to the organisation related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements. Ability to prepare and review ASX compliant press releases and continuous reporting obligations.	4	4	5	Financial & Audit	Experience in accounting and finance to analyse financial statements, assess financial viability, contribute to financial planning, oversee budgets, and oversee funding arrangements.	5	4	4	Strategy	Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business cycles.	5	4	5	Governance & Policy Development	Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organisation should operate. Ability to manage conflicts of interest to ensure shareholders benefit.	4	5	5
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2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> a) the names of the directors considered by the board to be independent directors; b) if a director has an interest, position, association or relationship of the type described in Box 2.3 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 c) the length of service of each director.
Company response	<p>The Board considers its three directors, namely, Mr Peter Richards, Mr Peter Linford and Mr Raymond Betros, to be independent directors.</p> <p>Director appointment and resignation dates are disclosed in the Company's annual report.</p>
2.4	A majority of the board of a listed entity should be independent directors.
Company response	The Company does currently comply with this 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.
Company response	The chair of the board, Mr Peter Richards is considered an independent director and does not hold the CEO role.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.
Company response	<p>The Company Secretaries ensure that all new directors are inducted into the Company. Upon commencement, the director formalises a letter of appointment setting out the terms of their appointment and is provided with a 'Corporate Governance Pack' containing the Company's Constitution, Corporate Governance Policies and details of the Company's directors' and officers' insurance policies.</p> <p>The skill set of the Board is monitored regularly by the Board as a whole, taking into consideration the stage of development of the Company's assets, and the limited capital available to the Company.</p>
Principle 3	Act ethically and responsibly
3.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have a code of conduct for its directors, senior executives and employees; and b) disclose that code or a summary of it.
Company response	<p>The Company has adopted a code of conduct which outlines the behaviour expected of directors, contractors and employees. The code of conduct can be viewed on the Company's website www.elmoreltd.com.au</p>
Principle 4	Safeguard integrity in corporate reporting
4.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (1) 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 (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner
Company response	<p>The Board does not have a separate audit committee, instead, the roles and responsibilities of the audit committee are undertaken by the Board as a whole.</p> <p>The Board has adopted an audit committee charter to assist in defining the roles and responsibilities of the Board as it acts in the capacity of an audit committee. The charter is available on the Company's website www.elmoreltd.com.au</p> <p>The charter considers the rotation of audit engagement partners.</p>
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, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Company response	The Company obtains a declaration from the CEO and CFO (or the persons acting in those capacities) prior to the completion of its half year and annual financial statements.
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.
Company response	The Company ensures that its external auditor attends its AGM and time is set aside for the shareholders to ask questions of the auditor.
Principle 5	Make timely and balanced disclosure
5.1	A listed entity should: <ul style="list-style-type: none"> 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.
Company response	The Company has a Continuous Disclosure Policy that forms part of its Corporate Governance Policies, which is available on the Company's website www.elmoreltd.com.au Continuous Disclosure is a standard agenda item which is considered and discussed at each board meeting.
Principle 6	Respect the rights of security holders
6.1	A listed entity should provide information about itself and its governance to investors via its website.
Company response	The Company's website contains comprehensive details about the Company, its directors and management and its operations. All Company announcements, as well as its annual and half year financial reports and quarterly activities and cash flow report can be located through the website www.elmoreltd.com.au
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.
Company response	The Company has adopted a Shareholder Communication Policy as part of its Corporate Governance Policies.
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.
Company response	The Company considers the country of residency of its shareholders when determining the most appropriate location to hold its shareholder meetings. Time is set aside at each meeting whereby attendees are encouraged to query the Board on operational and financial items.
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.
Company response	To the extent permissible by law, the Company sends all communication electronically in an effort to reduce its environmental footprint. As new shareholders join the Company, they are invited to communicate with the Company and the share registry electronically.
Principle 7	Recognise and manage risk
7.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) 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 (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework
Company response	The Company is not currently considered to be of a size, nor is 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 Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.
Company response	The Board reviews its risk assessment and management framework annually. The Board considers the risk management process to be adequate for its stage of development.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.
Company response	The Company does not have an internal audit function. Internal control measures currently adopted by the Board include: <ul style="list-style-type: none"> • weekly reporting to the Board in respect of operations and cash status and monthly reporting in respect of the Company's financial position, with a comparison of actual results against budget; and • regular reports to the Board by members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.
Company response	The Company is a mineral exploration and development company and is inherently exposed to the economic, environmental and social sustainability risks that are associated with its industry. The Company carefully considers its operations and their impact on the environment and local communities and engages extensively with local communities and first nations groups. The Company has no formal hedging policy for its foreign currency expenditure and is exposed to fluctuations in the exchange rates of the Australian Dollar, the Singapore Dollar, the United States Dollar and the Indian Rupee. Exchange rates are monitored closely by senior management and treasury decisions are made on an opportunistic basis.
Principle 8	Remunerate fairly and responsibly
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) 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 (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.
Company response	The Board has not established a separate Remuneration Committee due to the size and scale of its operations, however the Board as a whole takes responsibility for such issues. The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the Managing Director's performance. The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.
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.
Company response	In accordance with best practice corporate governance, the structure of Non-Executive Directors is separate and distinct from Executive Directors and Senior Executives. In determining remuneration, the Board holds special meetings as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none">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; andb) disclose the policy or a summary of it.
Company response	The Company has both an employee share plan and an employee share option plan in place. Neither of the plans contain a policy as to whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.