



Corporate Governance Statement

Approach to Corporate Governance

Talisman Mining Limited (**Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance, the key features of which are set out in this Statement. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs and individual circumstances.

In establishing its corporate governance framework the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (**Principles and Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made apposite statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.talismanmining.com.au, under the section marked "Corporate Governance".

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Committee

Constitution

- Constitution of Talisman Mining Limited

Board

- Code of Conduct – Summary
- Policy and Procedure for the Selection and (Re)Appointment of Directors
- Process for Performance Evaluation

Compliance, Controls and Policies

- Risk Management Policy – Summary
- Continuous Disclosure Policy – Summary
- Securities Trading Policy
- Diversity Policy
- Remuneration Policy

Shareholder Communication

- Shareholder Communication and Investor Relations Policy

The Company reports below on whether it has followed each of the recommendation during the year ended 30 June 2019 (**Reporting Period**). The information in this Statement is current at, and was approved by, a resolution of the Board on 27 September 2019.



Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved for the Board and those delegated to management and has documented this in its *Board Charter*, a copy of which is available on the Company's website.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors*, a copy of which is available on the Company's website.

Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is a related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's *Board Charter*.

Recommendation 1.5

The Company has a *Diversity Policy*, a copy of which is available on the Company's website. However, 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. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company and the number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation as at 30 June 2019 are set out in the following table. "Senior Executive" for these purposes means those persons who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance.

	Proportion of women
Whole organisation	7 out of 18 (39%)
Senior executive positions	0 out of 3 (0%)
Board	1 out of 4 (25%)



Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors in accordance with the process disclosed in the Company's *Process for Performance Evaluation*, a copy of which is available on the Company's website.

During the Reporting Period an evaluation of the Board, its committees, and individual directors was undertaken in accordance with the process disclosed in the Company's *Process for Performance Evaluation*.

Recommendation 1.7

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

The Nomination Committee is responsible for evaluating the performance of the Managing Director in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed.

Principle 2 – Structure the board to add value

Recommendation 2.1

The Board has established a Nomination Committee comprising four independent non-executive directors; Jeremy Kirkwood (Chair), Karen Gadsby, Brian Dawes and Peter Benjamin. The Nomination Committee is structured in accordance with Recommendation 2.1.

Details of director attendance at Nomination Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 28 of the Company's 2019 Annual Report.

The Board has adopted a *Nomination Committee Charter* which describes the role, composition, functions and responsibilities of the Nomination Committee and is disclosed on the Company's website.

Recommendation 2.2

The Board has a skills matrix covering the following key areas of knowledge and experience:

- Strategy
- Financial performance
- Risk and compliance oversight
- Corporate governance
- Executive management
- Legal understanding
- Geological understanding
- Mining/Engineering
- Project Development/Operations
- Health, Safety and Environment
- Finance (markets)
- Commercial

The Board is of the opinion that having a diverse mix of experience, gender and culture across the Board leads to better outcomes for the Company and shareholders.



The Board is comfortable with the skills matrix represented by the current Board.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. The current independent directors of the Company are Jeremy Kirkwood, Brian Dawes, Karen Gadsby and Peter Benjamin.

The length of service of each director is set out in the Directors' Report on pages 26 and 27 of the Company's 2019 Annual Report.

Recommendation 2.4

The Board has a majority of directors who are independent.

Recommendation 2.5

The independent Chair of the Board is Jeremy Kirkwood.

Recommendation 2.6

The Company has an induction program that it uses when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making, and to assist senior executives to participate fully and actively in management decision-making, at the earliest opportunity.

The Nomination Committee regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively, using a Board skills matrix. Where any gaps are identified, the Nomination Committee considers what training or development should be undertaken to fill those gaps. In particular, the Nomination Committee ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing education on developments in accounting standards.

Principle 3 – Act ethically and responsibly

Recommendation 3.1

The Company has established a *Code of Conduct* for its directors, senior executives and employees, a summary of which is disclosed on the Company's website.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1

The Board has established an Audit Committee comprising four independent non-executive directors; Karen Gadsby (Chair), Jeremy Kirkwood, Peter Benjamin and Brian Dawes. The Audit Committee is structured in compliance with Recommendation 4.1.

The Board has adopted an *Audit Committee Charter*, a copy of which is available on the Company's website, which describes the Audit Committee's role, composition, functions and responsibilities.

Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 28 of the Company's 2019 Annual Report.



The Company has also established a *Procedure for the Selection, Appointment and Rotation of its External Auditor*. The Board is 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 is reviewed on an annual basis by the Board.

Recommendation 4.2

Before the Board approved the Company's financial statements for the half year ended 31 December 2018 and the full-year ended 30 June 2019 and each of the quarters ended 30 September 2018, 31 December 2018, 31 March 2019 and 30 June 2019, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated 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.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, or to arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company writes to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Company's auditor, HLB Mann Judd, attended the Company's annual general meeting held on 30 November 2018.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's *Continuous Disclosure Policy* is disclosed on the Company's website.

Principle 6 – Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.talismanmining.com.au as set out in its *Shareholder Communication and Investor Relations Policy*, a copy of which is available on the Company's website.



Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's *Shareholder Communication and Investor Relations Policy*.

Recommendation 6.3

The Company has in place a *Shareholder Communication and Investor Relations Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Recommendation 6.4

Shareholders can register with the Company's Share Registrar to receive email notifications of the release of annual and half-yearly reports, notice of Annual General Meetings and any distribution of dividends. Further, the Company provides information through its website, enabling security holders to email the Company and to receive Company announcements by email.

The share registry also provides (through its website, links to which can be found on the Company's website) the ability to email the share registry and to receive documents by email from the share registry.

Principle 7 – Recognise and manage risk

Recommendation 7.1

The Board has not established a separate Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. Accordingly, the Board performs the role of Risk Committee. Although the Board has not established a separate Risk Committee, it has adopted a *Risk Committee Charter*, which describes the role, composition, functions and responsibilities of the Board in its capacity as the Risk Committee, a copy of which is available on the Company's website. When the Board convenes as the Risk Committee it carries out those functions which are delegated to it in the Company's *Risk Committee Charter*. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Risk Committee by ensuring that any director with conflicting interests is not party to the relevant discussions.

Details of director attendance at meetings of the full Board, in its capacity as the Risk Committee, during the Reporting Period, are set out in a table in the Directors' Report on page 28 of the Company's 2019 Annual Report.

Recommendation 7.2

The full Board in its capacity as the Risk Committee reviews the Company's risk management framework 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 Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The full Board in its capacity as the Risk Committee carried out these reviews during the Reporting Period.

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the



Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's *Risk Management Policy*, a summary of which is available on the Company's website.

Recommendation 7.4

The Company has material exposure to the following economic, environmental and/or social sustainability risks:

Risk description	Risk management approach
<i>Capital market-related risks</i>	
Ability to access equity or debt funding on a timely basis	The Group maintains proactive financial control of expenditure, reviews its growth strategy and capital requirements on an ongoing basis and maintains good relationships with shareholders and capital market participants.
<i>Commodity market-related risks</i>	
Adverse global supply/demand for commodities and/or adverse commodity price movements	The Group continually monitors global commodities supply/demand and prices for commodities it is exploring for and is well positioned to adjust or curtail its exploration focus as appropriate.
<i>Exploration operation risks</i>	
Ability to retain exploration tenure and meet tenement commitments	The Group utilises dedicated employees and external consultants to continually monitor its tenement holding and tenement management system. The Group maintains a tenement position of a size that allows it to be able to effectively explore and meet its tenement expenditure commitments. The Group continually assesses its tenement holding to enable it to relinquish ground that is considered not to be prospective.
Exploration efforts are unsuccessful in delivering new projects	The Group follows a methodical exploration approach and utilises technical experts and new technologies to assess its projects and the results of its exploration activities on an ongoing basis.
<i>Environmental risks</i>	
Non-compliance with environmental, native title, heritage and/or landholder requirements	The Group has agreements in place with all stakeholders, regularly undertakes compliance activities and communicates with all applicable stakeholders.
<i>Health and safety risks</i>	
Any health and safety incident in or around the Company's operations has the potential to put employees or community members at risk	The Group is committed to the health and safety of its employees, contractors and the community in which it operates. The Group has an OH&S policy and risk management system in place. OH&S performance is a standing agenda item at each Board Meeting. All site-based staff receive training required to perform their assigned tasks safely and correctly. The OH&S policy and risk management system is subject to regular audit.

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 expenditure authority limits for management, which, if expected to be exceeded, require prior Board approval;
- The Board has adopted a policy and procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- The Board has adopted a corporate governance manual which contains other policies and procedures to assist the Company to establish and maintain its governance practices.

The Company has formalised its approach to risk management by documenting all material business risks in a risk register and allocating ownership for material business risks to the Managing Director and management of individual material business risks to senior management and individuals within the organisation. The risk register is regularly reviewed by management, updated and presented to the Board. All risks identified in the risk register are reviewed and assessed by management and the Board on a regular basis. A summary of the *Risk Management Policy* is available on the Company's website.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1

The Board has established a Remuneration Committee comprising its four independent non-executive directors; Jeremy Kirkwood (Chair), Karen Gadsby, Brian Dawes and Peter Benjamin. The Remuneration Committee is structured in compliance with Recommendation 8.1.

Details of director attendance at Remuneration Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 28 of the Company's 2019 Annual Report.

The Board has adopted a *Remuneration Committee Charter*, which describes the role, composition, functions and responsibilities of the Remuneration Committee, a copy of which is available on the Company's website.

Recommendation 8.2

The Company's *Remuneration Policy*, a copy of which is available on the Company's website, details the Company's policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives. The *Remuneration Policy* includes a summary of the Company's policies regarding the reduction, cancellation or clawback of options in the event of serious misconduct. The Company retains the ability to pay a discretionary performance-related bonus to senior executives.

Details of remuneration received by directors and key management personnel during the year ended 30 June 2019 are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 31 of the Company's 2019 Annual Report.

Recommendation 8.3

The Company's *Remuneration Policy* includes a statement of the Company's policy on prohibiting participants in the Company's Executive and Employee Equity Plan (**EEEP**) entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.