



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 4th 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
- Policy and Procedure for the Selection and (Re)Appointment of Directors
- Process for Performance Evaluation

Compliance, Controls and Policies

- Risk Management Policy
- Continuous Disclosure Policy
- Securities Trading Policy
- Diversity Policy
- Remuneration Policy
- Whistleblower Policy
- Anti-Bribery and Anti-Corruption 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 2021 (**Reporting Period**). The information in this Statement is current at, and was approved by, a resolution of the Board on 22 September 2021.

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, Chief Executive Officer (CEO) any of its directors, and any other person or entity who is a related party of the Managing Director, CEO 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 adopted a formal *Diversity Policy*, a copy of which is available on the Company's website. The *Diversity Policy* recognises the value of, and is committed to, workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Company Board. However, as a result of the Company's current stage of development as an exploration company and given that the Company currently has few employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time. The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation as at 30 June 2021 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	3 out of 8 (38%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 4 (0%)

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/CEO 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/CEO 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 be effective and add value

Recommendation 2.1

The Board has established a Nomination Committee comprising one non-independent non-executive director; Kerry Harmanis and three independent non-executive directors; Jeremy Kirkwood (Chair), 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 17 of the Company's 2021 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
- Geology
- Mining/Engineering
- Project Development/Operations
- Health, Safety, Environment and Community
- Finance (markets)
- Commercial

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

The Board is of the view that the current Directors possess an appropriate mix of skills, experience and expertise for the Board to effectively discharge its responsibilities and add

value to the Company. An overview of the qualifications, skills, experience and brief career histories of each Director is included in the Directors' Report on pages 15 and 16 of the Company's 2021 Annual Report.

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 and Peter Benjamin.

The length of service of each director is set out in the Directors' Report on pages 15 and 16 of the Company's 2021 Annual Report.

Recommendation 2.4

The Board has a majority of directors who are independent.

Recommendation 2.5

The non-independent Chair of the Board is Kerry Harmanis. The Company has appointed Jeremy Kirkwood as the lead independent director.

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.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

The Company's purpose and strategic imperative is to generate superior returns for our shareholders through the exploration, discovery, development and commercialisation of high-value mineral resource opportunities in base and precious metals within Australia.

Inextricably linked to the Company's purpose and strategic imperative is the Company's values centred on:

- People** - We aim to employ and retain the best people with the skills, belief and commitment to add value to our company.
 - The safety and well-being of our people is at the forefront of everything we do. We will never compromise on safety, and we will always stop work if it's not safe to continue.
- Innovation** - We embrace innovation and strive for continuous improvement in everything we do.
- Integrity** - We act with honesty, fairness and transparency and we are sensitive to the environment and communities in which we operate. We do what we say, and we treat all stakeholders with dignity and respect.
- Accountability** - We take ownership for ourselves, and our work. We think and act like owners and will always strive to "do the right thing" for the business and all our stakeholders.

Recommendation 3.2

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

Recommendation 3.3

The Company has a *Whistleblower Policy* a copy of which is available on the Company's website.

The *Whistleblower Policy* promotes and supports the reporting of matters of concern and suspected wrongdoing, such as potential breach of law, any violations (or suspected violations) of the Company's Code of Conduct or any other legal or ethical concern that may cause financial loss to the Company or be otherwise detrimental to its reputation or interests.

The *Whistleblower Policy* sets out the approach to disclosure, investigation and reporting and outlines the protection to be afforded to those who report such conduct against reprisals, discrimination, harassment or other disadvantage resulting from their reports. All disclosures received under the *Whistleblower Policy* are reported to the Board with details of investigations completed.

Recommendation 3.4

The Company has an *Anti-Bribery and Anti-Corruption Policy* a copy of which is available on the Company's website.

The *Anti-Bribery and Anti-Corruption Policy* establishes the Company's position that it has zero tolerance for fraudulent or corrupt practices with application of the policy focussed on ensuring business activities are conducted with honesty and integrity. This includes preventing, detecting and eliminating bribery, corruption and any form of fraudulent activity.

Principle 4 – Safeguard the integrity of corporate reports

Recommendation 4.1

The Board has established an Audit Committee comprising one non-independent non-executive director; Kerry Harmanis and three independent non-executive directors; Jeremy Kirkwood (Chair), Brian Dawes and Peter Benjamin. 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 17 of the Company's 2021 Annual Report.

The Company has also established a *Procedure for the Selection, Appointment and Rotation of the 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 2020 and the full-year ended 30 June 2021 and each of the quarters ended 30 September 2020, 31 December 2020, 31 March 2021 and 30 June 2021, it received from the Managing Director/Chief Executive Officer 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

All periodic corporate reports are subject to an internal verification process, by subject matter experts, to verify the integrity of the report and ensure the content of the report is materially accurate, balanced and provides investors with appropriate information to make informed decisions.

All material market announcements including periodic corporate reports are circulated to the Board to ensure the Board has timely visibility of the nature and quality of information being disclosed to the market.

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 copy of the Company's *Continuous Disclosure Policy* is disclosed on the Company's website.

The Company's *Continuous Disclosure Policy* aims to ensure that information that a person could reasonably expect to have a material effect on the Company's security price is announced to the market by release to the ASX in accordance with the ASX Listing Rules and the Corporations Act.

The Company Secretary is the nominated disclosure officer under the Company's *Continuous Disclosure Policy*.

Recommendation 5.2

All ASX announcements are posted on the Company's website as soon as reasonably possible after notification to the ASX and copies of all ASX announcements are also sent to Directors.

Recommendation 5.3

Under the Company's *Continuous Disclosure Policy*, the Company will not communicate price sensitive information to any investor, broker, analyst, the media or other external party unless that information has been previously disclosed to the market through the ASX Market Announcement Platform. Only the Chairman and the Chief Executive Officer are authorised to speak to any external parties (including the media, analysts, brokers, shareholders) on behalf of the Company.

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*, a copy of which is available on the Company's website.

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. A copy of this policy is available on the Company's website.

Recommendation 6.4

The Board has determined that all substantive resolutions presented to a shareholders meeting will be decided by a poll rather than a show of hands.

Recommendation 6.5

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 17 of the Company's 2021 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 copy of which is available on the Company's website.

Recommendation 7.4

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

Risk description	Risk management approach
<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. Environmental performance is a standing agenda item at each Board Meeting.
<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, safety management system 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, safety management system and risk management system are subject to regular audit.

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/CEO 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 copy 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 one non-independent non-executive director; Kerry Harmanis and three independent non-executive directors; Jeremy Kirkwood (Chair), 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 17 of the Company's 2021 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 2021 are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 20 of the Company's 2021 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 (**EEEEP**) entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.