



WARATAH RESOURCES LIMITED
ACN 125 688 940

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

S Y D N E Y | I L I B R E V I L L E



CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

The Board of Directors of Waratah Resources Limited and its controlled entities (“Waratah” and/or “the Company”) is committed to achieving the best practice in corporate governance commensurate with the Company’s size, its operations and the industry within which it operates. Given the stage of development of the Company, it should be appreciated that the practice adopted by the Board is evolving and subject to change in keeping with practices deemed appropriate by reason of the Company’s size and risk portfolio.

The Principles and Recommendations are not mandatory. However, the Company is required to provide a statement in its annual report disclosing the extent to which the Company has followed the Principles and Recommendations during the reporting period; identify the recommendations that have not been followed; and provide reasons for any variance. If a recommendation has been followed for only part of a year, the entity must state the period during which it has been followed.

This Corporate Governance Statement summarises the corporate governance practices adopted by the Board of Directors and the Company’s compliance with the Corporate Governance Principles and Recommendations 3rd Edition during the reporting period ended 30 June 2015.

Waratah’s Corporate Governance Plan containing policies and charters can be found on our website and are listed below:

Charters

Board Charter

Audit and Risk Committee Charter

Remuneration Committee Charter

Nomination Committee Charter

Policies

Corporate Code of Conduct

Continuous Disclosure Policy

Risk Management Policy

Security Trading Policy

Investor Relations Policy

Corruption & Bribery Policy

Diversity Policy

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
1. Lay solid foundations for management and oversight			
1.1	A listed entity should disclose: a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	Yes	The Board's role is to govern the Company rather than manage it. The Company's Corporate Governance Plan includes a Board Charter which sets out the specific responsibilities of the Board. The day-to-day operations and administration of the Company was delegated to the Executive Director during the reported period ended 30 June 2015 and up until 16 September 2015. Effective from 16 September 2015, the day-to-day operations and administration of the Company was delegated to the Chief Executive Officer.
1.2	A listed entity should: 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.	Yes	The Nomination Committee Charter includes Induction procedures for new directors which requires: <ul style="list-style-type: none"> • Assessment of skill and expertise of new director or executive; • Security check of new directors; and • Information on directors standing for election or re-election as a director shall be provided to Shareholders in the Notice of Meeting. This information includes biographical details, including their relevant qualifications and experience and the skills they bring to the board; and details of any other material directorships currently held by the candidate.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	In the case of non-executive directors, directors are issued a Letter of Appointment which sets out the term of appointment, time commitment envisaged, remuneration, the requirement to disclose directors' interests and any matters which may affect the directors' independence, the requirement to comply with the Company's Corporate Governance Plan, the Company's policy on when directors may seek independent advice, Directors Deed of Indemnity, Insurance and Access and on-going confidentiality obligations. In the case of executive directors and executives, all of the information above is set out in a service agreement as well as a description of their position, duties and responsibilities, the person to whom they report and circumstances in which their service agreement may be terminated and any entitlements on termination.
1.4	The Company Secretary of a listed entity should be accountable directly	Yes	The Company Secretary reported to the Executive Chairman during reporting period

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
	to the board, through the chair, on all matters to do with the proper functioning of the board.		ended 30 June 2015 and up until 16 September 2015. Effective from 16 September 2015, the Company Secretary reports to the Non-Executive Chairman.
1.5	<p>A listed entity should:</p> <p>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;</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>ii. 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.</p>	<p>Yes</p> <p>Yes</p> <p>No</p>	<p>a) Effective from 1 July 2014, the Company established a Diversity Policy as part of its Corporate Governance Plan. The Policy details the Board's commitment to providing an inclusive workplace and recognises the value that a workforce made up of individuals with diverse skills, values, backgrounds and experiences can bring to the Company.</p> <p>b) The Company's Corporate Governance Plan includes the Diversity Policy which is available on the Company's website.</p> <p>c) The Company is not currently in compliance with this recommendation as the Board is comfortable that the Company already has an appropriate approach to encouraging workplace diversity.</p> <p>The Company's Diversity policy does not include measurable objectives for achieving gender diversity. However, the Company has one woman in a senior position being the Company Secretary.</p> <p>The Company will establish measurable objectives for achieving gender diversity when it has evolved to a point where it is appropriate to do so.</p> <p>The Board shall, at least once per year, review the policy to determine its adequacy for current circumstances and amend accordingly.</p>
1.6	<p>A listed entity should:</p> <p>a) have and disclose the process for periodically evaluating the performance of the board, its committees and individual directors.</p>	Yes	<p>a) In order to ensure the Board continues to discharge its responsibilities in an appropriate manner, a review of the performance over the previous 12 months of the Board and individual Directors will be arranged by the Board in accordance with the terms of the Remuneration and Nomination Committee Charters which were adopted by the Board on 13 March 2014, until such time as the Remuneration and Nomination Committees are established. The next formal review of the Board and the individual directors is scheduled for June 2016.</p>

PRINCIPLES AND RECOMMENDATIONS		COMPLY (YES/NO)	EXPLANATION
	b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No	b) During the reporting period ended 30 June 2015 there was an informal performance evaluation of the Board which resulted in the appointment of three new directors, Mr Graham Duncan, Mr Chris McFadden and Mr Mandeep Bhandari. Since the end of the reporting period, Sir Warwick Andrew and Mr Clive Sinclair-Poulton were appointed to the Board.
1.7	A listed entity should: a) have and disclose the process for evaluating the performance of senior executives. b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes No	The Board monitors the performance of senior management, including measuring actual performance against planned performance. The Board follows the performance evaluation principles outlined in its Corporate Governance Plan. During the reporting period, a new Board of Directors excluding the CEO (former Executive Chairman) was appointed to the Company. The CEO (former Executive Chairman) being the sole full-time senior executive/employee in the Company. As the composition of the Board changed, the current board has yet to consider a performance evaluation of the CEO (former Executive Chairman). However the new Board will undertake a performance evaluation of the CEO (former Executive Chairman), in line with his contract, in October 2015.
2.	<i>Structure the board to add value</i>		
2.1	The board of a listed entity should: a) have a nomination committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, iii. and disclose: iv. the charter of the committee; v. the members of the committee; and vi. 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 nomination	No	a) The Board, as a whole, currently serves as the Company's Nomination committee. Given the current size of the Company and structure of the Board, the Board has not yet formed a separate Nomination Committee; however, the Board adopted formal terms of reference on 13 March 2014. The Company's Corporate Governance Plan includes a formal charter for the Nomination Committee. b) In addition to the above, the following information is provided: i. the skills, experience and expertise of each of the Company's directors are set out in the Company's Director's Report and the Company's website; ii. the Board, in consultation with external advisers where required, undertakes this role; iii. the Board Charter provides for the proper assessment of prospective directors; and

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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.		iv. Directors are appointed based on the specific skills required by the Company.
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.	No	The Nomination Committee Charter does not include a skills matrix. However, the full Board undertakes an annual review of its size and composition to ensure an appropriate mix of expertise and experience. Where a vacancy exists for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience.
2.3 A listed entity should disclose: 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 which would not satisfy the ASX Principles and Recommendation - Definition of Independence, 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.	Yes	A majority of the Directors are currently independent. The Company currently has five Directors of which four directors, Mr Graham Duncan (appointed 28 November 2014), Mr Neil Herbert (appointed 24 February 2015), Mr Mandeep Bhandari (appointed 26 March 2015) and Mr Clive Sinclair-Poulton (appointed 9 October 2015) are independent Directors. Mr Chris McFadden also served as an independent director during the reporting period (appointed 28 November 2014, resigned 9 October 2015). During the period 1 July 2014 to 28 November 2014, the Company had three Directors of which two directors: Mr Jonathan Downes (appointed 30 May 2007, resigned 28 November 2014) and Mr Philip McNamara (appointed 15 August 2013, resigned 28 November 2014) were independent Directors. During the reporting period, Mr Ben Kirkpatrick served as the Executive Chairman of the Company and was not considered to be an independent director due to his executive role in the Company as well as, being a substantial shareholder since 19 December 2014. Mr Kirkpatrick was appointed Managing Director on 2 October 2012 and Executive Chairman on 26 September 2013 until the date of his resignation as a director of the Company on 16 September 2015.

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			<p>Sir Warwick Andrew was appointed to the Board on 16 September 2015 as Non-Executive Chairman. Although a non-executive of the Company, the Chairman does not satisfy the test of independence as he is a substantial shareholder of the Company. Whilst the Board recognises the importance of independence in decision-making, the Board believes that Sir Warwick Andrew's distinguished career in the law serving as a Judge in New South Wales, Papua New Guinea and the Kingdom of Tonga over the last 25 years and commitment to the Company makes him the most appropriate person for the position.</p>
2.4	A majority of the board should be independent directors.	Yes	<p>The Board seeks to ensure that the appropriate mix of skills and expertise is present on the Board to facilitate successful strategic direction.</p> <p>The Board Charter specifies that an independent Director is one who is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment.</p> <p>Independent Directors should also meet the definition of independence as set out in the ASX Corporate Governance Council Principles and Recommendations 3rd Edition.</p> <p>The independence of Directors will be regularly assessed by the Board in light of their interests, all of which must be disclosed.</p>
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.	No	<p>The Company did not comply with this recommendation during the reporting period and up until 16 September 2015.</p> <p>Mr Kirkpatrick fulfilled a dual role of the Company's Chairman and Chief Executive Officer during the period 26 September 2013 to 16 September 2015.</p> <p>Sir Warwick Andrew was appointed as Non-Executive Chairman on 16 September 2015 and Mr Kirkpatrick stepped down from the Board and assumed the role of Chief Executive Officer.</p> <p>Whilst this was a departure from best practice, during the reporting period, the Board was of the view that the Board was structured in such a way so as to add value and was appropriate for the complexity of the business at that time.</p> <p>The Company's Corporate Governance Plan outlines that the Chair should be a non-executive Director and that if a Chairman</p>

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			ceases to be an independent Director, the Board will consider appointing a lead independent Director as and when required.
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.	Yes	<p>The Board oversees the induction of new directors in accordance with the Remuneration and Nomination Committee Charters and identify the need for, and arrange any specific further training, which may be required.</p> <p>The Board periodically assesses the skills required to discharge its duties, having regard to the strategic direction of the Company. Accordingly during the past year a new Board was appointed.</p> <p>The Board considers the best means by which skill levels of existing non-executive directors can be enhanced.</p>
3.	Act ethically and responsibly		
3.1	<p>A listed entity should:</p> <p>a) have a code of conduct for its directors, senior executives and employees; and</p> <p>b) disclose that code or a summary of it.</p>	Yes	<p>The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.</p> <p>The Company's Corporate Governance Plan including the Code of Conduct is available on the Company's website.</p>
4.	Safeguard integrity in corporate reporting		
4.1	<p>The board of a listed entity should:</p> <p>a) have an audit committee which:</p> <ol style="list-style-type: none"> i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. is chaired by an independent director, who is not the chair of the board, and disclose: iii. the charter of the committee; iv. the relevant qualifications and v. experience of the members of the committee; and vi. 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 vii. if it does not have an audit committee, disclose that fact and the 	No	<p>Given the current size and structure of the Board, the Board has not yet formed a separate audit committee.</p> <p>However, on 16 August 2013, the Board adopted an Audit and Risk Committee Charter as formal terms of reference for the Board and an Audit and Risk Committee when established.</p> <p>The Board does not consider that at this stage any efficiencies or other benefits would be gained from establishing a separate committee. Accordingly, until the Audit and Risk Committee is established, the Board will carry out the duties of the Audit and Risk Committee in accordance with the terms of reference that have been adopted.</p> <p>The Board meets on a regular basis and discuss matter normally captured under the terms of reference of an audit committee, being Company risk, controls and general specific financial matters, as detailed in the Risk Management review procedure and internal compliance and Control disclosure in the Company's Corporate Governance Plan.</p>

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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.		
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.	Yes	<p>The Company complies with this recommendation.</p> <p>The Board receives assurances from the Chief Executive Officer and the Chief Financial Officer that the declaration in relation to section 295A of the <i>Corporations Act 2001</i> is founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks.</p>
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.	Yes	In accordance with the Company's Investor Relations Policy, it is the Company's policy that its external auditor attends each Annual General Meeting and be available for questions from shareholders.
5. Make timely and balanced disclosure		
5.1 A listed entity should: 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.	Yes	<p>The Company has policies and procedures in place to ensure the timely and appropriate release of all information required to be disclosed to shareholders in accordance with the ASX Continuous Disclosure regime.</p> <p>On 26 June 2014, the Board amended the Company's Continuous Disclosure Policy so that all ASX announcements are approved by the full Board prior to release to the ASX.</p> <p>The Continuous Disclosure Policy is posted on the Company's website.</p>
6. Respect the rights of shareholders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	<p>The Company's website includes an overview of the Company's current business, structure and the names, photographs and brief biographical information for each of its directors and senior executives.</p> <p>The Company's Constitution, Corporate Governance Plan, other Policies and Financial</p>

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			Statements are available on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company's Investor Relations Policy includes a shareholder communications strategy, which aims to ensure that the shareholders of the Company are informed of all major developments affecting the Company's state of affairs. The Company's Investor Relations Policy provides for Shareholders to direct any questions or requests for information to the Company Secretary.
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.	Yes	In accordance with the Investor Relations Policy the Board encourages full participation at the Company's Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.
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.	Yes	Shareholders have been given the option to receive information from the share registry electronically and the registry maintains a database of investors who wish to receive information updates about the Company electronically.
7.	Recognise and manage risk		
7.1	The board of a listed entity should: a) have a committee or committees to oversee risk, each of which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. 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.	No	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company has established a Risk Management Policy which is posted on the Company's website. The Company's Corporate Governance Plan establishes formal terms of reference for disclosure of risk management review procedure and internal compliance and control. In the event that an audit committee is established, the Board will delegate to the Audit and Risk Committee responsibility for implementing the risk management system. The Directors are of the view that given the current size of the Company, it is not necessary to establish a separate committee to oversee risk and this function is undertaken by the Board with the terms of reference that have been adopted.

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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.	Yes	The Board adopted the Audit and Risk Committee Charter on 16 August 2013 which, in accordance with this Charter, must be reviewed annually. The Audit and Risk Committee Charter was reviewed by the Board on 29 September 2014 and again on 28 September 2015.
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.	No	The Board has unrestricted access to the Company's external auditors and all Company records for the purposes of carrying out their responsibilities under the Charter.
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.	Yes	The Company has established policies for the oversight and management of material business risks.
8.	Remunerate fairly and responsibly		
8.1	The board of a listed entity should: a) have a remuneration committee which: i. has at least three members, majority of whom are independent directors; and ii. is chaired by an independent director; iii. and disclose: iv. the charter of the committee; v. the members of the committee; and vi. 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	No	On 13 March 2014, the Board established formal terms of reference for a remuneration committee. Given the current size of the Company, the Board has not yet formed a separate remuneration committee. The Board undertakes this role with the assistance of any external advice which may be required from time to time. The Board does not consider that any efficiencies or other benefits would be gained from establishing a separate committee at this stage. Accordingly, until the Remuneration Committee is established, the Board will carry out the duties of the Remuneration Committee in accordance with the terms of reference that have been adopted.

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	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.		
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.	Yes	Detailed commentary on the remuneration of the executive and non-executive Directors and senior executives is set out in the Remuneration Report contained within the Company's Annual report. Waratah follows the practice of disclosing the amount of remuneration and all monetary and non-monetary components for each director and executive during the reporting period.
8.3	A listed entity which has an equity-based remuneration scheme should: (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; and (b) disclose that policy or a summary of it.	No	Given the current size of the Company, the Board has not adopted a formal policy at this stage.