

This statement outlines the Corporate Governance Practices adopted by the Board of Directors for the financial year ended 31 December 2020 and describes how Centaurus Metals Limited (the Company) addresses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th Edition. This statement is current as at 22 April 2021 and has been approved by the Board.

In addition to the information contained in this statement, the Company's website [www.centaurus.com.au](http://www.centaurus.com.au) has a dedicated corporate governance section which includes copies of key corporate governance policies adopted by it.

Where the Company's corporate governance practices do not correlate with the ASX Principles and Recommendations, it is because the Board does not consider it practical to implement those recommendations due to the size and stage of development of the Company's operations and the Board's reasoning for any departure is explained. As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

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

### **1.1** *A listed entity should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management*

The primary responsibility of the Board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfill this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- approving the Company's strategy, business plans and policies;
- approving and monitoring the progress of major capital expenditure, capital management and capital raising initiatives, and acquisitions and divestments;
- monitoring the Company's performance in delivering its strategic plans;
- monitoring financial performance and approving the annual and half-year financial reports;
- appointing, re-appointing or removing the Company's external auditors;
- approving the Company's system of corporate governance, including formation of Board Committees and the terms of applicable governing charters, and monitoring their effectiveness;
- determining the size, composition and structure of the Board, and process for evaluating its performance;
- approving the overall remuneration policy, including remuneration for non-executive Directors, executive Directors and senior executives;
- appointment, performance assessment, determining remuneration and, if necessary, removal of the Managing Director;
- approving and reviewing senior management succession plans and significant changes to the organisational structure;
- reviewing, approving and monitoring the Company's risk management systems; and
- enhancing and protecting the reputation of the organisation.

The Board has established functions that are reserved for the Board, as separate from those functions discharged by the Managing Director and senior executives. These functions are summarised in the Company's Board Charter which is available on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance)

- 1.2 *A listed entity should carry out appropriate checks of board candidates and provide information to shareholders that is material to their candidacy*

The Board oversees arrangements for the effective appointment of new Directors. When considering the appointment of a new Director, the Board may engage the services of an independent recruitment firm to assist to identify suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

- 1.3 *A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment*

New Directors consent to act as a director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

Each Executive is employed under a Service Agreement which sets out the terms on which the Executive is employed including details of the Executive's duties and responsibilities, rights, and remuneration entitlements. The Service Agreement also sets out the circumstances in which the employment of the Executive may be terminated by either the Company or the Executive, including details of the notice periods required to be given by either party, or the amounts payable to the Executive as a consequence of the termination by the Company of the Executive's employment.

- 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*

The Company's Secretary has a direct reporting line and is accountable to the Chair of the Board.

- 1.5 *A listed entity should have a policy concerning diversity and disclose that policy together with measurable objectives for achieving gender diversity and its progress towards achieving those objectives*

The Company's Diversity Policy is set out on the Company's website [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance).

Given the size of the Company and the remote location of the Company's mineral projects the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

At the end of the 2020 financial year, the Company had a total of 62 part and full time employees, including 9 female employees. The Company presently has no women in senior executive positions or on the Board, however, is pursuing opportunities to improve the gender balance of the Board.

- 1.6 *A listed entity should disclose the process for evaluating the performance of the Board, its committees and individual Directors*

The Company's Board Charter sets out the process to undertake an annual performance evaluation of the Board which includes comparing the performance of the Board with the requirements of its Charter.

For the 2020 financial year there was no formal performance evaluation undertaken. Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

*1.7 A listed entity should disclose the process for evaluating the performance of senior executives*

Evaluation of the performance of senior executives was carried out as part of the 2020 performance and remuneration review process. Performance was measured against objectives set under the short and long term incentive plans developed in the prior year.

**2 Principle 2: Structure the Board to be effective and add value**

*2.1 The Board of a listed entity should establish a nomination committee*

Given the Company's size and the complexity of its affairs, it is not considered necessary to have a separate Nomination Committee. The Board as a whole will identify candidates and assess their skills in deciding whether an individual has the potential to add value to the Company. The Board may also seek independent advice to assist with the identification process.

In selecting and appointing new Directors the Board undertakes a proper assessment of prospective Directors which includes, but is not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.

*2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.*

As a collective, the Board has a significant competency and experience set relevant to the current and future oversight of the Company's business. The table shows the skills and experience currently represented on the Board.

International business exposure	<ul style="list-style-type: none"> <li>✓ Global political, cultural, regulatory, legal &amp; commercial</li> <li>✓ Brazil</li> </ul>
Environment Social & Governance	<ul style="list-style-type: none"> <li>✓ ASX compliance</li> <li>✓ Approvals</li> <li>✓ Environment</li> <li>✓ Governance &amp; internal control</li> <li>✓ Health &amp; safety</li> <li>✓ Regulatory/government</li> </ul>
Financial	<ul style="list-style-type: none"> <li>✓ Accounting, audit &amp; financial reporting</li> <li>✓ Equity capital markets</li> <li>✓ Project financing &amp; debt</li> <li>✓ Takeover response</li> <li>✓ Treasury &amp; funds management</li> </ul>
Industry exposure	<ul style="list-style-type: none"> <li>✓ Mining, including iron ore, base &amp; precious metals and oil &amp; gas</li> </ul>
Legal & commercial	<ul style="list-style-type: none"> <li>✓ Commercial and contracts</li> <li>✓ Legal</li> <li>✓ Negotiation</li> </ul>
Project development	<ul style="list-style-type: none"> <li>✓ Engineering &amp; construction</li> <li>✓ Transition to operations</li> <li>✓ Project financing</li> </ul>
Sales & marketing	<ul style="list-style-type: none"> <li>✓ Mineral commodity sales &amp; marketing</li> <li>✓ Nickel sales &amp; marketing</li> </ul>

Stakeholder management & communications	✓ Public relations/media ✓ Stakeholder relations ✓ Investor relations
Technical	✓ Exploration ✓ Geology ✓ Mineral processing ✓ Nickel mining/processing

**2.3** *A listed entity should disclose whether its Directors are independent*

The Company considers a Director to be independent where they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally.

The Board has adopted a definition of independence based on that set out in Recommendation 2.3 of the ASX Corporate Governance Council Principles and Recommendations. The Board will review the independence of each Director in light of interests disclosed to the Board from time to time.

Details of the Board of Directors as at the date of this statement, their appointment date and independence status is as follows:

<b>Director</b>	<b>Appointment Date</b>	<b>Status</b>
Didier Murcia	16 April 2009	Independent Non-Executive Chair
Darren Gordon	4 May 2009	Non-Independent Managing Director
Mark Hancock	23 September 2011	Independent Non-Executive Director – Audit Committee Chair
Bruno Scarpelli	3 September 2015	Non-Independent Executive Director
Chris Banasik	28 February 2019	Independent Non-Executive Director - Remuneration Committee Chair

The Board has determined that Mr Murcia, Mr Hancock and Mr Banasik are independent Directors as they are not members of management and there is no relationship affecting that status. They are not substantial shareholders, past or present employees, or material professional advisers, consultants, suppliers or customers with or to the Company, nor do they have any material contractual relationship with the Company other than as Directors.

The Board has determined that Mr Gordon who is the Managing Director and Mr Scarpelli who is an Executive Director are not independent.

**2.4** *A majority of the Board of a listed entity should be independent directors*

The Board at the date of this statement consists of a majority of independent directors. The composition of the Board is presently five Directors, three of whom are Non-Executive and two who are Executive Directors. Of the five Directors, three are independent and two are non-independent.

The Board considers that the composition of the existing Board is appropriate given the scope and size of the Company's operations and the skills and experience of the existing Board members. Appropriate mechanisms are in place to avoid perceived or actual conflicts of interest.

**2.5** *The Chair of the Board of a listed entity should be an independent director and should not be the same person as the Managing Director*

The role of the Chair is undertaken by Mr Didier Murcia, an independent Non-Executive Director.

The role of the Managing Director is undertaken by Mr Darren Gordon.

**2.6** *The Board should establish a program for inducting new directors and provide appropriate professional development opportunities for Directors*

The Company's Board Charter sets out the induction procedure for new directors. Directors are assisted by fellow directors and senior management to maintain and develop their skills and knowledge in relation to corporate governance policies and the business sectors in which the company operates in. All Directors have direct access to the entire senior management team, including the company secretary, and are provided with information on a timely basis. The skills and knowledge of non-executive Directors is also developed and maintained by their directorships with other public and private companies.

**3 Principle 3: Act lawfully, ethically and responsibly**

**3.1** *A listed entity should articulate and disclose its values.*

The Company has established a formal Code of Conduct which articulates its values and is provided to all employees as part of the recruitment process. The Code of Conduct forms the foundation for the behaviour expectations that the Company has for its Directors, senior executives, employees and contract personnel.

**3.2** *A listed entity should have and disclose a code of conduct for its directors, senior executives and employees and ensure that the board or a committee of the board is informed of any material breaches of that code.*

The Company has established a formal Code of Conduct to guide Directors, the Managing Director and employees with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct is disclosed on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance). Any breaches of the code are reported to the Board.

**3.3** *A listed entity should have and disclose a whistleblower policy and ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

The Company has established a Whistleblower Policy intended to support and protect persons who speak up about any unlawful, unethical or irresponsible behaviour within the organisation. The Board are informed of material incidents reported under the Company's Whistleblower Policy.

The Whistleblower Policy includes the following key provisions;

- identifies the types of concerns that may be reported under the policy and how and to whom reports may be made (including to senior executives and the board);
- explains how the confidentiality of the whistleblower's identity is protected and how the whistleblower is safeguarded from retaliation; and
- describes the processes to investigate reports made by whistleblowers;

The Company has also established an Anti-Bribery and Corruption Policy. The Whistleblower Policy and the Anti-Bribery and Corruption Policy are disclosed on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance).

**3.4** *A listed entity should have and disclose an anti-bribery and corruption policy; and ensure that the board or a committee of the board is informed of any material breaches of that policy*

The Company has established an Anti-Bribery and Corruption Policy which links to the Code of Conduct by which the Company expects its operations and business dealings to be managed. The Anti-Bribery and Corruption Policy prohibits the giving of bribes or other improper payments and specifies the controls around the giving of donations and the acceptance of gifts or hospitality by officers of the Company. The Board is informed of any material breaches of the Anti-Bribery and Corruption Policy.

The Anti-Bribery and Corruption Policy is disclosed on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance).

**4 Principle 4: Safeguard integrity of corporate reports**

**4.1** *The Board of a listed entity should establish an appropriately structured audit committee*

During 2019, the Board re-established the Audit Committee. The Audit Committee is comprised of the 3 non-executive Directors each of who are considered to be independent. The functions of the Audit Committee are detailed in the Audit Committee Charter and include reviewing the appointment and removal of the external auditor and the rotation of the audit engagement partner and reviewing the annual and half yearly financial reports and the conduct and outcomes of external audits and reviews.

The Audit Committee is comprised of the following independent non-executive directors

- Mr Mark Hancock. Mr Hancock is a Company Director and consultant to the resource industry with a focus on commercial advisory and commodity marketing. He has over 30 years' experience in senior commercial and financial roles across a number of leading companies in Australia and South East Asia, including most recently spending 13 years with Atlas Iron as CFO and CCO and prior to that with oil and gas industry participants Woodside Petroleum Ltd and Premier Oil Plc. Mr Hancock's financial qualifications and significant commercial experience provide guidance and leadership to the operation of the Audit Committee, of which he is Chair.
- Mr Didier Murcia. Mr Murcia is a lawyer with over 30 years legal and corporate experience in the mining industry. Mr Murcia is currently Honorary Australian Consul for the United Republic of Tanzania. He is Chair and founding director of Perth-based legal group MPH Lawyers. He is Chair of Strandline Resources Limited and is a Non-Executive Director of Alicanto Minerals Ltd and brings significant legal and commercial expertise to the Audit Committee.

- Mr Chris Bansik. Mr Banasik is a geologist with more than 30 years' experience across multiple disciplines and commodities. He was a founding Director of WA gold producer Silver Lake Resources (ASX: SLR), where he held the key role of Director of Exploration and Geology from 2007 to 2014. Prior to that, he held a range of senior geological and executive roles for companies including Consolidated Minerals, Reliance Nickel and Western Mining Corporation. He has extensive experience in nickel exploration, project development and operations, having held several geological and management positions with WMC (1986-2001). Mr Banasik's field, operational and management experience provides significant insight to the work of the Audit Committee, particularly in respect of commercial and operational risk.

The Audit Committee Charter is available on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance).

There were 2 meetings of the Audit Committee during the year ended 31 December 2020.

#### **4.2 CEO and CFO certification of financial statements**

Both the Managing Director and the Chief Financial Officer make a statement to the Board prior to approval of the annual and half-yearly reports, that in their opinion, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor**

The Company has an effective system of internal control and multiple review and approval stages which it applies to public documents that are not reviewed or audited by its external auditor.

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

#### **5.1 A listed entity should establish written continuous disclosure policies and ensure compliance with those policies**

The Company has established a Continuous Disclosure Policy designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance.

The Company's Continuous Disclosure Policy is publicly available on the Company's website located at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance).

#### **5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.**

The Company ensures that Directors are provided with a copy of all material market releases promptly after lodgment.

#### **5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.**

All new and substantive investor or analyst presentations are released to the ASX Market Announcements Platform ahead of the presentation.

## **6 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*

The Company's website at [www.centaurus.com.au](http://www.centaurus.com.au) provides detailed information on the Company, including its background, objectives, projects, contact details and all key corporate policies and statements. ASX announcements, Company Reports and presentations are uploaded to the website following release to the ASX.

### *6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors*

The Company respects the rights of its shareholders and stakeholders and seeks to facilitate the effective exercise of those rights by promoting effective proactive communication and encouraging shareholder participation at annual general meetings. Shareholder feedback through the Company's website and third party sites provide the opportunity to address questions to the Company. Appropriate measures are also taken to keep shareholders informed about the Company's activities and to listen to issues or concerns raised by shareholders.

Fundamental to the Company's investor relations program is the management of its continuous disclosure obligations which facilitates all shareholders having access to important Company information. In addition to lodging this information with the ASX, the Company uses its website, Twitter feeds and LinkedIn posts to make available to shareholders information about the Company and its activities.

Shareholders can register with the Company to receive e-mail notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is posted. Shareholders and other stakeholders can follow the Company on Twitter @CentaurusMetals or LinkedIn at Centaurus Metals.

### *6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders*

Notices of meeting sent to the Company's shareholders comply with the "Guidelines for Notices of Meeting" issued by the ASX in July 2014.

The Chair also encourages shareholders at the meeting to ask questions and make comments about the Company's operations. The Company offers shareholders the opportunity to ask questions related to the business of shareholder meetings prior to the meeting. The Chair may respond directly to questions or at his discretion may refer a question to another Director, the Managing Director or a senior executive.

### *6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.*

The Company's has adopted the processes required by ASX Guidance Note 35 which stipulate that all Listing Rule resolutions be decided by a poll. The Company has extended the conduct of a poll to all resolutions proposed at shareholder meetings.

- 6.5 *A listed entity should give shareholders the option to receive communications from, and send communications to, the entity and its share registry electronically*

Shareholders have the option of electing to receive all shareholder communications by e-mail. The Company provides a printed copy of the Annual Report to those shareholders who have specifically elected to receive a printed copy.

All announcements made to the ASX are available to shareholders by e-mail notification when a shareholder provides the Company with an e-mail address and elects to be notified of all the Company ASX announcements. Market sensitive announcements are all posted on Twitter and LinkedIn.

The Company share register is managed and maintained by Advanced Share Registry Limited. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Advanced Share Registry investor centre at: <https://www.advancedshare.com.au/investors.aspx>.

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

- 7.1 *A listed entity should establish an appropriately structured risk management committee for the oversight of material business risks*

The Board has an Audit Committee which amongst other functions is tasked with the oversight of risk management practices and policies and their application within the Company. The Audit Committee is responsible for overseeing and approving policies for the management and oversight of material business risks, internal compliance and internal controls. The objectives of the Company's risk management program are contained in the Risk Management Policy which is available on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance).

The Audit Committee membership and the experience and qualifications of its members is detailed at 4.1 above. The number of Audit Committee meetings held during the year and the attendance of member directors are disclosed in the Financial Report for the period ended 31 December 2020.

In addition to the risk management oversight provided by the Company has in place a system of risk management that identifies, categorises and manages material business risks faced by the Company.

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities. The Audit Committee reviews the business and financial risk management systems and internal control systems implemented by management to obtain reasonable assurance that the entity's assets are safeguarded and that the reliability and integrity of its financial information is maintained.

- 7.2 *The Board or a Committee of the Board should review the company's risk management framework at least annually to satisfy itself that it continues to be sound*

The key focus for the Company during the last 12 months was the progression of exploration and development activity related to the Jaguar Nickel Project culminating in the release of the Base Case Scoping Study in March 2021, which incorporated a review process undertaken for key risks related to the project.

- 7.3 *A listed entity should disclose the structure and role of its internal audit function*

The Company does not have an internal audit function due to its size and stage of development of its operations. The Board believes that the establishment of the Audit Committee, the conduct of external financial audits and the Board's and management's regular reviews of risk management and internal control processes are sufficient for a company of this size.

7.4 *A listed entity should disclose whether it has any material exposure to economic, environmental and social risks and how those risks are managed.*

The Company has exposure to the following risks:

- Environmental risks – at the present stage of exploration and evaluation the Company is exposed to few environmental risks. The Company has an Environmental Policy and an active Risk/Hazard identification program at its operating sites.
- Social risks – also at this present stage of exploration and evaluation the Company is exposed to few social and sustainability risks. The Company maintains close awareness of its social responsibilities and to this end in Brazil, it maintains regular personal contact between the Company personnel and representatives of the local community and regional administration. The Company uses these contact sessions to manage local expectations of employment and community development in particular.

The Company is actively managing the risk presented by COVID-19 and has developed a policy and operational procedures which are currently in active operation. The policy is intended to protect the health and safety of employees of the Company and its stakeholders and to address potential business continuity risks presented by the global pandemic. The policy and procedures will be updated on a continuous basis to ensure best compliance with government advice and enforcement measures including those related to travel.

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

8.1 *The Board of a listed entity should establish a remuneration committee*

The Board has a Remuneration Committee. The functions of the Remuneration Committee are detailed in the Remuneration Committee Charter and include

- reviewing and recommending an executive remuneration policy for KMP;
- reviewing and monitoring the ongoing appropriateness and relevance of the remuneration policy;
- making recommendations to the Board in relation to the Company's policies and practices relating to recruitment, training, retention and promotion; and
- monitor and make recommendations to the Board in respect of the design and implementation of incentive plans.

The Remuneration Committee Charter is available on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance). The Remuneration Committee may seek assistance of external advisors from time to time.

The Remuneration Committee is comprised of the following independent non-executive directors whose experience and qualifications are detailed at 4.1 above

- Mr Chris Bansik (Chair).
- Mr Mark Hancock.
- Mr Didier Murcia.

The number of meetings of the Remuneration Committee and the individual attendances of member directors are detailed in the Financial Report for the period ended 31 December 2020.

*8.2 A listed entity should distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives*

The Company' remuneration structure distinguishes between Non-Executive Directors and that of the Managing Director and senior executives.

A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report of the Company's Annual Report.

*8.3 A listed entity should establish a policy on whether participants in equity-based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes*

In accordance with the Company's Share Trading Policy which is available on the Company's website at [www.centaurus.com.au/corporate-governance](http://www.centaurus.com.au/corporate-governance) all participants in equity-based incentive plans are prohibited from entering into transactions which limit the risk of participating in unvested entitlements in the Company shares.