



CORPORATE GOVERNANCE STATEMENT - 2021

Approved by the Board on 28 October 2021

The Board is responsible for the overall corporate governance of Variscan Mines Limited (“the Company”), including establishing and monitoring key performance goals. In addition, the Board is committed to attaining standards of corporate governance that are commensurate with the Company’s needs. In this regard, the Board has created a framework for managing the Company, including internal controls and a business risk management process. This framework is reflected, in part, in the policies and charters described below.

The Board has adopted and endorses The ASX Corporate Governance Council Principles and Recommendations (4th Edition) as amended from time to time (“ASX Recommendations”) and has adopted the ASX Recommendations that are considered appropriate for the Company given its size and the scope of its proposed activities. Details of the Company’s compliance with the ASX Recommendations (4th Edition) are set out below.

Effective 1 July 2020 the Company has adopted amended policies and practices, to comply with where applicable, the recommendations of the 4th Edition of the Corporate Governance Principles and Recommendations (4th Edition). The updated policies are available for review on the Company’s website at www.variscan.com.au. The Company first reports its compliance with, or departure from, the 4th Edition recommendations in this Corporate Governance Statement for the financial year ended 30 June 2021.

In light of the Company’s current stage of development, the Board considers that its current composition is appropriate. As the Company’s activities change in nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed and may change.

The 2021 Corporate Governance Statement has been adopted by the Board.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Functions reserved to the Board and delegated to senior executives

The Company has established functions reserved to the Board and functions delegated to senior executives.

The functions reserved to the Board include:

- (1) oversight of the Company, including its control and accountability systems;
- (2) appointing and removing the Managing Director (MD) (or equivalent), including approving remuneration of the MD and the remuneration policy and succession plans for the MD;
- (3) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Secretary;
- (4) input into the final approval of management’s development of corporate strategy and performance objectives;
- (5) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (6) monitoring senior management’s performance and implementation of strategy, and ensuring appropriate resources are available;
- (7) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (8) approving and monitoring financial and other reporting;
- (9) appointment and composition of committees of the Board;
- (10) on recommendation of the Audit Committee, appointment of external auditors; and
- (11) on recommendation of the Nomination and Remuneration Committee, initiating Board and director evaluation.

The functions delegated to senior executives include:

- (1) implementing the Company’s vision, values and business plan;
- (2) managing the business to agreed capital and operating expenditure budgets;

- (3) identifying and exploring opportunities to build and sustain the business;
- (4) allocating resources to achieve the desired business outcomes;
- (5) sharing knowledge and experience to enhance success;
- (6) facilitating and monitoring the potential and career development of the Company's people resources;
- (7) identifying and mitigating areas of risk within the business;
- (8) managing effectively the internal and external stakeholder relationships and engagement strategies;
- (9) sharing information and making decisions across functional areas;
- (10) determining the senior executives' position on strategic and operational issues; and
- (11) determining the senior executives' position on matters that will be referred to the Board.

In addition, the functions reserved for the Board are summarised in the Group's Board Charter, a copy of which is available on the Group's website, www.variscan.com.au.

Recommendation 1.2 – Information in Relation to Board Candidates

The Board, in accordance with the Nomination and Remuneration Charter, ensures that appropriate checks are undertaken before a person is appointed as a Director, or before a person is put forward to shareholders as a candidate for election as a Director. If it is considered appropriate to appoint of an additional Director, an extensive process is undertaken to identify suitable candidates, usually involving an external search firm. That process will involve identifying the skills and experience required of the candidate, compiling lists of potential candidates, identifying a short list of candidates to be interviewed, conducting interviews, obtaining and checking information in relation to the character, experience, education, criminal record and bankruptcy history of the short listed candidates, and selecting a recommended candidate.

The Group provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director by providing all material information concerning the proposed Director in the Explanatory Memorandum that accompanies each Notice of Meeting at which candidates are proposed for election or re-election.

Recommendation 1.3 – Written Agreements with Directors and Senior Executives

The Group has letters of appointment with each non-executive Director, and a service contract with the Managing Director. Further details are set out in the Remuneration Report. The letters of appointment with the non-executive Directors cover topics including:

- (1) the term of appointment;
- (2) the time commitment envisaged, including committee work;
- (3) remuneration;
- (4) disclosure requirements;
- (5) the requirement to comply with key corporate policies;
- (6) the Group's policy on non-executive Directors seeking independent professional advice;
- (7) the circumstances in which the Director's office becomes vacant;
- (8) indemnity and insurance arrangements;
- (9) rights of access to corporate information; and
- (10) confidentiality obligations.

Recommendation 1.4 – Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The role of the Company Secretary includes:

- (1) advising the Board and its committees on governance matters;
- (2) monitoring that Board and committee policy and procedures are followed;
- (3) coordinating the timely completion and despatch of Board and committee papers;
- (4) ensuring accurate minutes are taken of Board and committee meetings; and
- (5) helping to organize and facilitate the induction and professional development of Directors.

Recommendation 1.5 – Diversity Policy

The Company has established a policy concerning diversity. The Company recognises the need to set diversity measures in each of its operating locations taking into account the differing diversity issues within each geographic location in which it operates.

A copy of the diversity policy is available from the Company's website. The policy includes requirements for the Board, at the appropriate stage of its development, to establish measurable objectives for achieving gender diversity and, once established, for the Board to assess annually both the objectives and progress in achieving them.

Due to the size of the Company and its workforce and its current stage of development the Board does not consider it appropriate to set measurable objectives at this time.

The Company intends to establish measurable objectives at the appropriate stage of its development.

The Company, in keeping with the recommendations of the Corporate Governance Council, provides the following information regarding the proportion of gender diversity in the organisation at 30 June 2021:

	Proportion of Female / Total Number of Persons Employed
Females employed in the Company as a whole	2 / 12
Females employed in the Company in senior executive positions	0 / 1
Females appointed as a Director of the Company	0 / 4

A significant portion of the Company's staff are appointed as contractors or consultants under contracts and consultancy agreements, and are therefore included in the above totals.

The Group is not a "relevant employer" under the Workplace Gender Equality Act, because the Group had less than 80 employees in Australia for more than 6 months of the year ending 30 June 2021.

Recommendation 1.6 – Process for evaluating the performance of the Board

In accordance with the Charter of the Nomination and Remuneration Committee, the Board is responsible for the:

- (1) evaluation and review of the performance of the Board against both measurable and qualitative indicators established by the Board;
- (2) evaluation and review of the performance of individual Directors against both measurable and qualitative indicators established by the Board;
- (3) review of and making of recommendations on the size and structure of the Board; and
- (4) review of the effectiveness and programme of Board meetings.

An evaluation of the performance of the Board and individual Directors has not taken place during the last financial year. It is proposed to review the Board evaluation processes.

Recommendation 1.7 – Performance evaluation of Senior Executives

The Board reviews the performance of the Managing Director to ensure they execute the Company's strategy through the efficient and effective implementation of the business objectives. The Managing Director is assessed against the performance of the Company and individual performance.

During the financial year ended 30 June 2021, given the company's current stage of development, an informal process of performance evaluation of the Managing Director was carried out.

Principle 2: Structure the board to add value

Recommendation 2.1 – Nomination Committee

The Group has no formal Nomination and Remuneration Committee. Due to the size of the and composition of the Board, the Board fulfils the roles of the Nomination and Remuneration Committee.

The Group has adopted a Nomination and Remuneration Charter. The Charter is available from the Group's website.

Recommendation 2.2 – Board Skills

The Board, in accordance with the Nomination and Remuneration Charter, recognizes that it is important that the Board has an appropriate mix of skills, experience, expertise and diversity. The Board considers it important for the following skills and experience to be represented:

- Experience as a Chief Executive;
- International business experience;
- Financial and accounting experience;
- Operational experience in the resources industry;
- Strategy and strategic marketing experience;
- Corporate governance and risk management experience.

Information about the diversity of the Board is set out under Recommendation 1.5 above.

Given the current size and stage of development of the Company the Board has not yet established a formal Board skills matrix. Gaps in the collective skills of the Board are regularly reviewed by the Board as a whole, with the Board proposing candidates for directorships having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background.

The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.

Recommendation 2.3 – Independence of Directors

The Council defines independence as being free from any interest, position, association or relationship that might influence, or could 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 Group and its shareholders generally.

The Board has determined that all three of its non-executive directors are independent as defined under Recommendation 2.3, representing a majority of the Board. In accordance with the definition in Recommendation 2.3 above the Board has determined that Dr Foo, Mr Moore and Mr Farr-Jones were independent as at 30 June 2021. Mr Dickson is the Managing Director and, accordingly, is not considered by the Board to be an independent director as defined in Recommendation 2.3.

The Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise and that can understand and competently deal with current and emerging business issues.

The length of service of each Director who held office as at 30 June 2021 is as follows:

S Dickson	4.2 years
K Foo	11.7 years
M Moore	5.9 years
N Farr-Jones	0.0 years

Mr Farr-Jones was appointed effective 1 July 2021. Dr Susan Vearncombe resigned effective 30 June 2021.

Recommendation 2.4 – Majority of Independent Directors

As noted above in relation to Recommendation 2.3 the Board does consist of a majority of independent Directors.

Recommendation 2.5 – The chair should be an independent director and not the same person as the CEO

The Company's chairman, Dr Foo, is an independent Director and he is not the CEO (or equivalent) of the Company.

Recommendation 2.6 – Director Induction and Professional Development

The Group has a program for inducting new directors. Among other things, the program includes information to be provided to new Directors, the Chair's role, key contacts, remuneration, indemnities, insurance, access to information, and disclosure.

The Board, in accordance with the Nomination and Remuneration Charter, regularly reviews the skills and experience of the Directors and assists Directors to identify professional development opportunities to develop and maintain the skills required to perform their roles effectively.

Principle 3: Act ethically and responsibly

Recommendation 3.1 – Company Values

The Company has not adopted a formal Statement of Values, however it seeks to achieve its objectives whilst seeking to ensuring it:

- (1) conducts business with honesty, integrity, and fairness;
- (2) complies with all relevant laws and regulations applicable to it;
- (3) ensures the safety and wellbeing of our representatives and other stakeholders; and
- (4) respects and cares for the environment and the wider communities in which it operates, in a sustainable manner.

Recommendation 3.2 – Code of Conduct

The Company has established a code of conduct for its directors, senior executives and employees concerning the:

- (1) practices necessary to maintain confidence in the Company's integrity;
- (2) practices necessary to take into account the Company's legal obligations and the expectations of stakeholders; and
- (3) responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The code of conduct is available on the Company's website.

Recommendation 3.3 – Whistleblower Policy

The Company has adopted a formal Whistleblower policy which is made available on the Company's website (www.variscan.com.au).

This policy applies to all directors, officers, employees, consultants and contractors of Variscan Mines Limited (Personnel). This policy also applies, as far as is reasonably achievable, to the Company's service providers, suppliers and third-party contractors.

The purpose of this policy is to encourage the persons to whom the policy applies to raise any concerns or report instances of any potential breach of law, any violations (or suspected violations) of the Company's Code of Conduct or any other legal or ethical concern without the fear of detriment.

Recommendation 3.4 – Anti-bribery Policy

The Company has adopted a formal Anti-bribery and corruption policy in recognition that bribery and corruption act to undermine legitimate business activities, distort competition and may expose the Company, its employees and other stakeholders to significant risks.

The Company provides a safe mechanism pursuant to its Whistleblower Policy to enable and encourage the reporting of any actual, alleged, or perceived, instances of bribery or corruption by any individual to which this policy applies.

A copy of the Anti-bribery and corruption policy is made available on the Company's website (www.variscan.com.au).

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 – Audit Committee

The Company no longer has a separate an Audit Committee. Due to the size and composition of the Board, it has been determined that the role of the Audit Committee will be best fulfilled by the Board in accordance with the adopted Audit Committee Charter.

The Company's Board does not comply with all of the requirements of Recommendation 4.1. Further details are provided in the Directors Meetings section of the Directors' Report.

The Company has adopted an Audit Committee charter which sets out its role, responsibilities and membership requirements and reflects the matters set out in the commentary and guidance for Recommendation 4.1.

The Audit Committee charter is available on the Company's website.

Recommendation 4.2 – Statement from the Chief Executive Officer and the Chief Financial Officer

Before the Board approves the Group's financial statements for a financial period, the Board receives a declaration from the Managing Director (the Company's equivalent to the Chief Executive Officer) and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* that, in their opinion, the financial records of the Group 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 Group, 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 – Integrity of periodic corporate reporting

Periodic corporate reports that are not subject to audit or review by the Company's auditors (which include, but not limited to, quarterly activities and cash flow reports, directors' reports and any information included in the Company's annual report other than the audited financial statements) are compiled and verified by management before being reviewed by the Board before release to the market.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – ASX Listing Rule Disclosure Requirements

The Company has established a Continuous Disclosure Policy which sets out the key obligations of directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The policy also provides procedures for internal notification and external disclosures, as well as procedures for promoting understanding of compliance with disclosure requirements.

The Company's Continuous Disclosure Policy is available on the Company's website.

Recommendation 5.2 – Board review of market announcements

All material market announcements are provided to the board for review and comment prior to release to the ASX Market Announcements Platform.

Recommendation 5.3 – Announcement of corporate and investor presentations

The Company ensures that any substantive investor or analyst presentation materials are released as a market announcement ahead of the presentation being given.

This recommendation does not apply to one on one meetings between the Company and investors or analysts. The Company ensures that any presentation materials at these meetings does not involve the disclosure of any material information that has not already been disclosed to the market.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – Information on the Group's Website

The Group provides information about itself and its governance to its shareholders via the Group's website, www.variscan.com.au. Information about governance is available under the Corporate Governance tab of the Group's website.

Recommendation 6.2 – Investor Relations Program

The Group has an investor relations program to facilitate effective two-way communication with shareholders. The Group's investor relations program includes the following:

- (1) an email link on the Group's website, www.variscan.com.au for shareholders to ask questions;
- (2) actively engaging with shareholders at the AGM; and
- (3) periodic meetings with institutional investors, analysts and financial media representatives.

Recommendation 6.3 – Encouraging Shareholder Participation at Shareholder Meetings

The Group's processes to encourage shareholder participation at AGMs and EGMs include providing an email link on the Group's website for shareholders to ask questions; and

In addition, the Group has adopted a Shareholder Communications Policy for:

- (1) promoting effective communication with shareholders; and
- (2) encouraging shareholder participation at AGMs.

The Group's Shareholder Communications Policy is available from the Group's website.

Recommendation 6.4 – Voting at General Meetings

The Company ensures that all resolutions considered for approval at a meeting of security holders are decided upon by a poll.

Where considered appropriate, the Company will engage the services of an independent third party, such as its share registry, to undertake the poll.

Recommendation 6.5 – Electronic Communications

The Group gives shareholders the option to receive communications from, and to send communications to, the Group and its share registry electronically. The Group periodically sends communications to those shareholders who have provided an email address. In addition, there is an email link on the Group's website, www.variscan.com.au for shareholders to communicate with the Group electronically. The Group's share registry, Boardroom Pty Ltd, has similar arrangements that are accessible via its website www.boardroomlimited.com.au.

Principle 7: Recognise and manage risk

Recommendation 7.1 – Risk Management Committee

The Group has not yet established a Risk Committee but has established policies for the oversight and management of its material business risks as follows:

- (1) the Board, in accordance with the Audit Committee Charter, oversees financial risks. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators;
- (2) the Board, will monitor the need for a Risk Committee at the appropriate time to oversee the Company's material business risks.

Recommendation 7.2 – Risk Management Framework

The Board reviews the group's risk management framework at least annually to satisfy itself that it continues to be sound and operates within the risk parameters set by the Board.

The Board requires management to implement risk management and internal control systems to manage the Company's business risks. The Board requires management to report to it on whether those risks are being managed effectively.

Recommendation 7.3 – Internal Audit

The Group does not have an internal audit function. The processes that the Group employs for evaluating and continually improving the effectiveness of its risk management and internal control processes include the following:

- (1) The Group's Risk Management Framework addresses the roles and accountabilities of the Board and management;
- (2) The Board oversees the Group's material business risks;
- (3) Those members of the Group's management team who are accountable for risk management, safety, health, environment and community matters manage the Group's material business risks;

- (4) The Board oversees financial risks pursuant to the Audit Committee Charter. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators; and
- (5) The members of the Group's finance department manage financial risks.

Recommendation 7.4 - Economic, Environmental and Social Sustainability Risks

The categories of risk to which the Group has exposure include economic, environmental and social sustainability risks. The Group manages these risks as follows:

- (1) The Group seeks to reduce the economic impact of exchange rate variations by broadly matching the currencies in which funds are held with the currencies of anticipated outgoings;
- (2) The Group manages environmental risks by adopting environmental management programs for each of its sites; and
- (3) The Group recognises that a strong mutual relationship with each community in which it operates is necessary for successful operations. In addition, the Group recognises the importance of maintaining its reputation with all of its stakeholders including shareholders, regulatory authorities, communities, customers and suppliers. The Group strives to build relationships with each of the communities in which it operates.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – Remuneration Committee

The Company has no formal Nomination and Remuneration Committee; however, the role of the Nomination and Remuneration Committee is fulfilled by the Board, in accordance with the Nomination and Remuneration Charter. The Board, in accordance with this Charter, is responsible for the Company's remuneration policies as set out in the Charter.

The Company therefore does not comply with all of the requirements of Recommendation 8.1 as follows:

- (4) The Board consists of four directors, of which a majority (three) are Independent Directors;
- (5) The Board is chaired by Dr Foo.

Recommendation 8.2 – Remuneration of Executive Directors, Executives and Non-Executive Directors

The Company complies with Recommendation 8.2 by clearly distinguishing the structure of non-executive directors' remuneration from that of executive directors and senior executives. Remuneration for non-executive directors is fixed. Total remuneration for all non-executive directors voted by shareholders at the Annual General Meeting held in November 2010 is not to exceed \$250,000 per annum.

Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Details of the remuneration of executive directors and senior executives during the financial year are set out in the Remuneration Report section of the Directors' Report. The fixed remuneration paid to executive directors and senior executives is clearly distinguished from the cash fees paid to non-executive directors.

The Company believes that its measures of equity-based remuneration are appropriate to incentivise non-executive directors in a Company of Variscan's size and limited resources. However, in the 2020 financial year non-executive directors did not receive any equity-based remuneration, accordingly, the remuneration of non-executive directors during the financial year comprised of cash fees and superannuation payments.

Details of the remuneration of non-executive directors during the financial year are set out in the Remuneration Report section of the Directors' Report.

Recommendation 8.3 – Use of Derivatives and Similar Transactions

In accordance with the Group's share trading policy, directors and employees must not at any time enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes. A copy of the share trading policy is available from the Group's website, www.variscan.com.au.