

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

QEM Limited

ABN / ARBN:

13 167 966 770

Financial year ended:

30 June 2020

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <http://qldem.com.au/about/#corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 28 September 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 29 September 2020

Name of Director authorising lodgement: David Palumbo – Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at Board Charter on Website ( <a href="http://qldem.com.au/about/#corporate-governance">http://qldem.com.au/about/#corporate-governance</a> )	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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>(1) 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>(2) 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>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at Diversity Policy on Website (<a href="http://qldem.com.au/about/#corporate-governance">http://qldem.com.au/about/#corporate-governance</a>)</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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</p> <p>(b) if it does not have a nomination 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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Nomination Committee Charter on Website (<a href="http://qldem.com.au/about/#corporate-governance">http://qldem.com.au/about/#corporate-governance</a>)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 described in Box 2.3 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.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) 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</p> <p>(b) if it does not have an audit committee, disclose that fact and the 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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Audit Committee Charter on Website (<a href="http://qldem.com.au/about/#corporate-governance">http://qldem.com.au/about/#corporate-governance</a>)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at Website <a href="http://qldem.com.au/about/#corporate-governance">http://qldem.com.au/about/#corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Website <a href="http://qldem.com.au/about/#corporate-governance">http://qldem.com.au/about/#corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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</p> <p>(b) if it does not have a remuneration 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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Remuneration Committee Charter on Website (<a href="http://qldem.com.au/about/#corporate-governance">http://qldem.com.au/about/#corporate-governance</a>)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

# QEM Limited

## Corporate Governance Statement

This Corporate Governance Statement reports the governance processes and procedures in place at QEM Limited as at 28 September 2020 and has been approved by the board of the Company as at 28 September 2020. This Corporate Governance Statement is also provided on our website at <http://qldem.com.au/about/#corporate-governance>, together with copies of our Board and Board Committee Charters and some of the Company's key policies.

### Commitment to Good Governance

The directors of QEM Limited (**QEM** or the **Company**) believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the Company will assess its governance practices on an annual basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company has a corporate governance section on the website at <http://qldem.com.au/about/#corporate-governance>. The section includes details on the Company's governance arrangements and copies of relevant policies and charters.

### ASX Corporate Governance Council's Principles and Recommendations (3rd Edition)

QEM will review all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. The establishment of the corporate governance practices and policies was made with consideration to the third edition of the ASX Corporate Governance Council's Principles and Recommendations (**Recommendations**).

Unless disclosed below, all the Recommendations have been applied for the entire financial year ended 30 June 2020.

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

### 1.1 Board of Directors and Senior Management - Roles and Responsibilities

**ASX Recommendation 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.

The Board has adopted a formal charter that details the functions and responsibilities of the Board and management (**Board Charter**).

The Directors are responsible for overseeing the Company's business operations and its management for the benefit of Shareholders, employees and other stakeholders and to enhance Shareholder value. The Board is responsible for the overall corporate governance of the Company and its subsidiaries.

Under the Board Charter, the Board's responsibilities include:

- (a) providing leadership to the Company by:
  - (i) guiding the development of an appropriate culture and values for the Company through the establishment and review of Codes of Conduct, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods; and
  - (ii) always acting in a manner consistent with the Company's culture and Code of Conduct;
- (b) overseeing the development and implementation of an appropriate strategy by:
  - (i) working with the Senior Management team to ensure that an appropriate strategic direction and array of goals are in place;
  - (ii) regularly reviewing and amending or updating the Company's strategic direction and goals;
  - (iii) ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
  - (iv) when required, overseeing planning activities including the development and approval of strategic plans, annual plans; annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets;
  - (v) reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;
- (c) overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
- (d) ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chair, being the key interface between the Company and its shareholders;
- (e) ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;
- (f) appointing, and where necessary removing and/or replacing, the Chair;
- (g) being responsible for the Company's senior management and personnel;

- (h) delegating appropriate powers to the Managing Director, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers; and
- (i) making all decisions outside the scope of these delegated powers.

The detail of some board functions will be handled through Board Committees as and when the size and scale of operations requires such Committees. However, the Board as a whole is responsible for determining the extent of the powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

The Managing Director (as a delegate of the Board) is responsible for the effective leadership and day-to-day operations and administration of the Company.

The Board has adopted a list of matters required to be brought before the Board of Directors for approval. This provides an important means of dividing responsibility between the Board and management, assisting those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and the Senior Executives.

The responsibilities of the Board as a whole, the Chair, individual Directors and the functions delegated to Senior Management are set out in more detail in Part A of the Company's Board Charter, which is available on the Corporate Governance page of the Company's website [qldem.com.au/about/#corporate-governance](http://qldem.com.au/about/#corporate-governance).

## 1.2 Board nominations

### ASX Recommendation 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.

The Board will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the Company and procedures outlined in the Company's constitution and the *Corporations Act 2001* (Cth).

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director. Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company gives shareholders all material information in its possession relevant to the decision whether or not to elect or re-elect a Director, either in the notice of meeting and explanatory statement for the relevant meeting of shareholders which addresses the election or re-election of the Director, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found.

### 1.3 Directors and Senior Executives - Terms of appointment

#### ASX Recommendation 1.3

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

The Board Charter provides and the Company has written agreements with each Director and senior executive setting out the terms of their appointment.

Each Non-Executive Director has received and signed a letter formalising their appointment and outlining the material terms of their appointment.

The Executive Director and each senior executive has signed an executive service agreement setting out their duties, obligations and remuneration.

### 1.4 Company Secretary

#### ASX Recommendation 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 Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board. The Company Secretary has primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is David Palumbo, whose qualifications and experience are detailed in the Director's Report.

### 1.5 Diversity

#### ASX Recommendation 1.5

A listed entity should:

- (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;
- (b) disclose that policy or a summary of it; and
- (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:
  - (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
(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 the Act.

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a Diversity Policy, a copy of which is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.

This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

The small size of, and low turnover within, the Company's workforce are such that it cannot realistically be expected to reflect the degree of diversity within the general population. Given those circumstances, and the current nature and scale of the Company's activities, the Board has determined that it is not practicable to set measurable objectives for achieving gender diversity. The Board monitors the extent to which the level of diversity within the Company is appropriate on an ongoing basis and periodically considers measure to improve it. The Board will further consider the establishment of objectives for achieving gender diversity as the Company develops and its circumstances change.

The table below sets out the proportion of women in the Company at 25 September 2020:

As at 29 September 2020	No. of women employees	Total no. of employees	% of women employees
Board	0	4	0%
Senior Executive	0	1	0%
Whole organisation	0	5	0%

For the purposes of these statistics, Senior Executive has been defined as any employee reporting directly to the Managing Director.

## 1.6 Board performance review and evaluation

### ASX Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company's Board Charter and the Performance Evaluation Policy detail the process for evaluating the Board, its committees and individual Directors, which includes an annual review of the ongoing development and improvement of the Board's (and individual Director) performance. The Performance Evaluation Policy is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.

For the financial year ended 30 June 2020, performance evaluations in regard to each individual Director were not completed. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place. Further details regarding the performance evaluation of the individual Directors are set out in the Remuneration Report.

## 1.7 Senior executive performance review and evaluation

### ASX Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

All senior executives are subject to an annual performance evaluation. Each year, senior executives (including the Managing Director) will establish a set of performance targets. These targets are aligned to overall business goals and the Company's requirements of the position. In the case of the Managing Director, these targets are negotiated between the Managing Director and the Board and approved by the whole Board.

An informal assessment of progress is carried out throughout the year. A full evaluation of an executive's performance against the agreed targets takes place annually. This will normally occur in conjunction with goal setting for the coming year. As the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the

executive's development plan. Performance pay components of executives' packages are also dependent on the outcome of the evaluation.

During the financial year ended 30 June 2020, all senior executives took part in the employee performance evaluation process performed for all employees of the Company. These performance evaluations have been reviewed by the Board.

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## 2. Principle 2: Structure the Board to add value

### 2.1 Nomination committee

#### ASX Recommendation 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,and disclose:
  - (iii) the charter of the committee;
  - (iv) the members of the committee;
  - (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 nomination committee, disclose that fact and the process 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.

The Company does not comply with Recommendation 2.1. The Company is not of a relevant size to consider formation of a separate nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

The current board members carry out the roles that would otherwise be undertaken by a nomination committee in accordance with the Remuneration and Nomination Committee Charter adopted by the Board and each director excludes himself from matters in which he has a personal interest. The Remuneration and Nomination Committee Charter is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>, and includes details of (amongst other things) the role and responsibilities of the Remuneration and Nomination Committee.

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of one Managing Director and three Non-Executive Directors (two of whom the Company considers independent, being John Foley and Daniel Harris). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

Nominations of new Directors will be considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board is confident that this process for selection (including undertaking appropriate checks before appointing a person) and review is stringent and full details of all Directors are provided to Shareholders in the Annual Report and on the Company's website.

## 2.2 Skills, knowledge and experience

### **ASX Recommendation 2.2**

A listed entity should 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.

The Board is structured to facilitate the effective discharge of its duties and to add value through its deliberations. It seeks to achieve a Board composition with a balance of diverse attributes relevant to the Company's operations and markets, including skills sets, background, gender, geography and industry experience.

In addition to those general skills expected for Board membership, the following skills have also been identified as being necessary: experience in operational management, exploration and geology, mining engineering, project delivery, finance, corporate governance, equity capital markets. The Board is comfortable with the skills matrix represented by the current Board.

In saying that, the Board structure and composition will be reviewed as and when the Company's strategic direction and activities change. The Company will only recommend the appointment of additional Directors to the Board where it believes the expertise and value added outweighs the additional cost.

A profile of each Director setting out their skills, experience and period of office is set out in the Directors' Report of the Annual Report.

## 2.3 Independence and length of service

### ASX Recommendation 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 described in Box 2.3 (Factors relevant to assessing the independence of a director) 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.

As at 29 September 2020, the Board consisted of:

Name	Role	Independent?	Date appointed
John Foley	Non-Executive Chair	Yes	19 May 2014
Daniel Harris	Non-Executive Director	Yes	19 March 2018
David Fitch	Non-Executive Director	No	1 September 2014
Gavin Loyden	Managing Director	No	27 February 2020

Mr Foley and Mr Harris are regarded as independent Non-Executive Directors.

The Company has entered into a consultancy agreement with Energy Source LLC, an entity associated with Mr Daniel Harris, for the provision of business management and technical consultancy services to the Company related to vanadium and oil recovery. Despite this, the Board believes that Mr Harris is able, and does make, quality and independent judgments in the best interest of the Company on all relevant issues before the Board.

Mr Fitch is not considered independent on the basis that he is a substantial shareholder of the Company.

The Board assesses the independence of Directors annually, or more frequently if circumstances require.

A copy of the definition of independence adopted by the Company is annexed to the Company's Board Charter at Annexure A, available on the Company's "Corporate Governance" page of the Company's website at <http://qldem.com.au/about/#corporate-governance>.

## 2.4 Majority of independent Directors

### ASX Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

As shown in the table at section 2.3 above, a majority (2 out of 4 Directors) of the Board are independent.

## 2.5 Independent Chair

### ASX Recommendation 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.

Mr John Foley is the Chairman of the Board and an independent Non-Executive Director. His qualifications and experience are stated in the Company's Annual Report. He does not perform the role of CEO of the Company (which position is currently held by Mr Gavin Loyden).

## 2.6 Induction and professional development

### ASX Recommendation 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.

As referred to in Part D of the Board Charter, new directors go through an induction process which includes meeting with key executives, tours of the premises, an induction package and presentations.

All directors are expected to maintain skills required to effectively discharge their obligations to the Company. The Company also expects all Directors to commit to at least 2 days of professional development each year and allocates an annual budget to encourage Directors to participate in training and development programs.

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

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### 3. Principle 3: Act ethically and responsibly

#### 3.1 Code of conduct

**ASX Recommendation 3.1**

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The Company seeks to encourage and develop a culture which will maintain and enhance its reputation as a valued corporate citizen of the countries where it operates and an employer which personnel enjoy working for. The Board is committed to the establishment and maintenance of appropriate ethical standards.

The Company has established a Code of Conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standards of behaviour expected from its Directors and employees. The Code of Conduct sets out policies in relation to various corporate and personal behaviour including safety, discrimination, respecting the law, anti-corruption, interpersonal conduct and conflict of interest.

While the Code of Conduct seeks to prescribe standards of behaviour for all Company personnel to observe, it does not, and understandably cannot, identify every ethical issue that an individual might face. The Code of Conduct's objective is to provide a framework for decisions and actions in relation to ethical conduct in employment, to safeguard the Company's reputation and to make clear the consequences of breaching the Code of Conduct.

The Board has also adopted a Social Media Policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.

Copies of the Company's Code of Conduct and Social Media Policies are available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.

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### 4. Principle 4: Safeguard integrity in corporate reporting

#### 4.1 Audit committee

**ASX Recommendation 4.1**

The board of a listed entity should:

- (a) have an audit committee which:

- (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 experience of the members of the committee; and
  - (v) 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
- (b) if it does not have an audit committee, disclose that fact and the 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.

The Company does not comply with Recommendation 4.1. The full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional non-executive Directors to satisfy this recommendation.

The Board as a whole has responsibilities typically assumed by an audit committee, in accordance with the Audit and Risk Committee Charter adopted by the Board, including but not limited to:

- (a) verifying and safeguarding the integrity of the Company's stakeholder reporting;
- (b) reviewing and approving the audited annual and reviewed half-yearly financial reports;
- (c) reviewing the appointment of the external auditor, their independence and performance, the audit fee, any questions of their resignation or dismissal and assessing the scope and adequacy of the external audit; and
- (d) a risk management function (refer section 7.1 for further details).

That is, matters typically dealt with by an audit committee are dealt with by the full Board.

The Audit and Risk Committee Charter is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.



Information on the Company's procedures for the selection and appointment of the external auditor and the rotation of external audit partners is set out in the Policy on Selection, Appointment and Rotation of External Auditors, which is available on the Company's website, <http://qldem.com.au/about/#corporate-governance>.

## 4.2 CEO and CFO declarations

### ASX Recommendation 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.

Under the Company's Risk Management Policy, which is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>, the Managing Director (being the CEO equivalent) and CFO (if any) will provide a written declaration of assurance that in their opinion, the financial records of the Company for any financial period have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In the financial year ended 30 June 2020, a declaration from the Managing Director was obtained in relation to the issue of each of the Company's financial statements, being the Company's Appendix 5B (Quarterly Reports) for the quarters ended 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020, Appendix 4D (Half-year Report) for the half year ended 31 December 2019, and the Annual Report for the year ended 30 June 2020.

## 4.3 External auditor

### ASX Recommendation 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.

As part of the Company's Shareholder Communications Strategy, which is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>, a representative from the Company's external auditor, Bentleys Audit & Corporate, will attend each annual general meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

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

### 5.1 Continuous disclosure to ASX

#### ASX Recommendation 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.

The Company has established a Continuous Disclosure Policy which is designed to guide compliance with ASX Listing Rule disclosure requirements, and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Continuous Disclosure Policy is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.

The Continuous Disclosure Policy:

- (a) raises awareness of the Company's obligations under the continuous disclosure regime;
- (b) establishes a process to ensure that information about the Company which may be market sensitive and which may require disclosure is brought to the attention of the Company Secretary, the Managing Director and/or the Chair, being the persons primarily responsible for ensuring the Company complies with its continuous disclosure obligations, in a timely manner and is kept confidential; and
- (c) sets out the obligation of Directors, officers and employees of the Company to ensure that the Company complies with its continuous disclosure obligations.

The Board has designated the Company Secretary, Managing Director and the Chair of the Board as the persons primarily responsible for ensuring that the Continuous Disclosure Policy is implemented and that all relevant information is disclosed as required.

In accordance with the Company's Continuous Disclosure Policy, information provided to ASX for release to the market is also posted to the Company's website, <http://qldem.com.au/investor-centre/>.

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## 6. Principle 6: Respect the rights of security holders

### 6.1 Information available on the Company's website

#### ASX Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Board aims to ensure that the Company's shareholders are informed of all major developments affecting the Company's state of affairs.

The Company keeps investors informed through its website, [qldem.com.au](http://qldem.com.au), which contains information on the Company, the Board and the corporate governance policies and procedures of the Company. Through its website, investors can access copies of the Company's annual, half-yearly and quarterly reports, announcements to the ASX, notices of meeting, presentations and key media coverage.

### 6.2 Investor relations

#### ASX Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communications with investors.

The Company has a Shareholder Communication Strategy which is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>. The Shareholder Communication Strategy encourages shareholder participation and engagement with the Company. This strategy also facilitates communication directly between shareholders and the Company, with any shareholder queries coordinated through the Company Secretary.

### 6.3 Shareholders' meetings

#### ASX Recommendation 6.3

A listed entity should disclose the policies and procedures it has in place to facilitate and encourage participation at meetings of security holders.

The Shareholder Communication Strategy encourages shareholder participation at shareholders' meetings. Shareholders are provided with all notices of meeting and the Chair's address (if any) prior to meetings. The Company's auditor is also made available for questions at the annual general meeting. Shareholders are also always given the opportunity to ask questions of the Directors and management, either during or after shareholders' meetings.

## 6.4 Electronic communications

### ASX Recommendation 6.4

A listed entity should give security holders the option to receive communication from and send communications to, the entity and its security registry electronically.

Shareholders can register with the Company to receive email notifications of when an announcement is made by the Company to the ASX, including the release of annual, half-yearly and quarterly reports. Further, the Company provides information through its website, enabling security holders to email the Company and to receive Company announcements by email. The Company's 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.

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## 7. Principle 7: Recognise and manage risk

### 7.1 Risk committee

#### ASX Recommendation 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.

The Company does not comply with Recommendation 7.1. As a consequence of the size and composition of the Company's Board, the Board has not established a separate Risk Management Committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.

The Board as a whole is ultimately responsible for risk oversight and risk management in accordance with the Audit and Risk Committee Charter and Risk Management Policy adopted by the Board, including but not limited to:

- (a) developing and maintaining a risk register that identifies the risks to the Company and its operation and assesses the likelihood of their occurrence;
- (b) ensuring that an appropriate risk-management framework is in place and is operating properly; and
- (c) reviewing and monitoring legal and policy compliance systems and issues.

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

## 7.2 Internal control

### **ASX Recommendation 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.

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established policies in relation to the implementation of practical and effective control systems. The Company has established a Risk Management Policy, which is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.

During the reporting period, the Board relied on the Company's existing risk-management framework. The Board intends to review this framework during the current financial year so that the Board can satisfy itself that the Company's risk-management framework remains sound, and make any changes that may be required.

### 7.3 Internal audit

#### ASX Recommendation 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.

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function in the manner disclosed below, the expense of an independent internal auditor is not considered to be appropriate.

The Board performs all key elements of an internal audit function, including:

- (a) evaluating and seeking and obtaining reasonable assurance that risk management, control and governance systems are functioning as intended and will enable the Company's objectives and goals to be met;
- (b) evaluating information security and associated risk exposures;
- (c) evaluating regulatory compliance programs with consultation from internal and external legal counsel;
- (d) evaluating the Company's preparedness in case of business interruption; and
- (e) providing oversight of the Company's anti-fraud programs.

The Board delegates to the Managing Director the authority to implement any non-strategic amendments to risk management systems required as a result of changed circumstances, or where the potential for improvement has been identified; reporting all such matters to the Board promptly for consideration at its next meeting. The Managing Director may also seek recommendations from appropriate senior executives where strategic changes to risk management and internal control processes are required.

### 7.4 Risk management

#### ASX Recommendation 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.

The Company, as a vanadium and oil shale exploration company, faces inherent risks in its activities, including economic, environmental and social sustainability

risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. These risks, and others, are outlined in the Company's replacement prospectus dated 20 August 2018, to be read with the first supplementary prospectus dated 12 September 2018 and the second supplementary prospectus dated 24 September 2018.

The Company has in place procedures in place to identify significant risks (as described above at section 7.1), which are continually being developed and updated to help manage these risks. The Board also believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

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## 8. Principle 8: Remunerate fairly and responsibly

### 8.1 Remuneration committee

#### ASX Recommendation 8.1

The board of a listed entity should:

- (a) have a remuneration committee which:
  - (i) has at least three members, a majority of whom are independent directors;
  - (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 has met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration 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.

The Company does not comply with Recommendation 8.1. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent non-executive Directors to satisfy this recommendation.

The Board as a whole performs the function of the Remuneration Committee, in accordance with the Remuneration and Nomination Committee Charter adopted by the Board, which includes setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate.

The Remuneration and Nomination Committee Charter is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.

## 8.2 Remuneration policy

### ASX Recommendation 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.

The Board Charter sets out the policies and practices of the remuneration of Non-Executive Directors, Executive Directors and other senior executives. A copy of the Board Charter is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.

Messrs John Foley, David fitch and Daniel Harris are each paid a fixed annual fee for their service to the Company as Non-Executive Directors.

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process. Executive Directors of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their respective employment agreements with the Company, and potentially the ability to participate in any incentive plans adopted by the Company.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options). Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

Details of the remuneration of the Directors and other executives are set out in the Remuneration Report (which forms part of the Director's Report contained in the Annual Report).



### 8.3 Equity-based remuneration scheme

#### ASX Recommendation 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.

The Board has adopted a Securities Trading Policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

The Company's Securities Trading Policy prohibits the use of derivatives and any other transaction in financial products which operate to limit economic risk in relation to unvested equity instruments, including performance share rights, and vested Company securities that are subject to disposal restrictions.

This is in line with the requirements of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth), and is intended to prevent transactions which could have the effect of distorting the proper functioning of performance hurdles or reducing the intended alignment between management's and shareholders' interests.

The Securities Trading Policy is available on the "Corporate Governance" page of the Company's website, <http://qldem.com.au/about/#corporate-governance>.