

**For the 6 month period ended 31 December 2017**

**Approved by the Board on 16 March 2018**

## **CORPORATE GOVERNANCE STATEMENT**

The Directors of Gold Road Resources Limited (**Gold Road** or the **Company**) support the establishment and on-going development of good corporate governance for the Company. The Board believes that high standards of governance create a corporate culture that values integrity and ethical behaviour.

Gold Road has adopted systems of control and accountability as the basis for the administration of corporate governance. The policies and procedures within these systems are summarised below. The Board is committed to administering the policies and procedures with openness and integrity with the intent of providing a strong framework and practical means for ensuring good governance outcomes which meet the expectations of stakeholders.

The framework for Corporate Governance follows the 3<sup>rd</sup> Edition of the principles set out by the ASX Corporate Governance Council. The Board have implemented policies and practices that are considered appropriate for the Company given its current size and complexity. Where the Board considers the Company is not of sufficient size or complexity to warrant adoption of all the recommendations set out in the ASX Corporate Governance Council's published guidelines or where the recommendation was not adopted for the entire year, these instances have been highlighted.

Further information about the Company's corporate governance practices and the Company's Corporate Governance Statement is set out on the Company's website at [www.goldroad.com.au](http://www.goldroad.com.au) together with the ASX Appendix 4G, and a checklist cross referencing the ASX Principles and Recommendations to disclosures in this statement.

The Board will continue to review and amend its governance policies as appropriate to reflect changes in the Company's growth, operational status, legislation and accepted good practice.

## **CORPORATE GOVERNANCE COUNCIL PRINCIPLE 1**

### ***Lay Solid Foundations for Management and Oversight***

#### **Role of the Board of Directors**

The role of the Board is to build long-term sustainable value for its security holders whilst respecting the interests of its stakeholders.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company, including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Executives. The Board relies on Executives to assist in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems, and monitoring and approving financial and other reporting.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and Executives and assists in decision making processes. A copy of the Board Charter and the responsibilities of Executives and senior management are available on the Company's [website](#).

#### **Board Processes**

An agenda for Board meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and/or regular reviews are scheduled when appropriate. The agenda is regularly reviewed by the Chairman and the Company Secretary.

### **Retirement, Re-election and Appointment of New Directors**

The constitution of the Company states that Directors cannot hold office for a period longer than three years without submitting themselves for re-election at the next Annual General Meeting, one third of the Directors (excluding the Managing Director) must retire by rotation at each Annual General Meeting together with any new Directors appointed by the Board during the period since the last general meeting. Retiring Directors are eligible to stand for re-election.

If the Board decides to appoint a new member either to complement the existing members or fill a vacancy, through the Remuneration & Nomination Committee it will undertake a process of identifying a wide base of potential candidates with appropriate skills and with consideration to meeting the objectives of its Diversity Policy. The Company ensures that all appointments to the Board are appropriately reference checked. The Company, in its Notice of Annual General Meeting, also ensures that all relevant information is provided to security holders for the purpose of deciding on whether or not to elect or re-elect Directors.

The Company has a formal induction process, where new Directors appointed to the Board are provided with written material incorporating an overview of Director's duties for public companies together with a detailed appointment letter outlining the Company's expectations and setting out the requirements of the role as well as identifying director interests and potential conflicts.

The Company has complied with Recommendation 1.3 of the Corporate Governance Council in that each Director and Executive have written agreements setting out the terms of their appointment.

### **Role of the Company Secretary**

The Company has complied with Recommendation 1.4 of the Corporate Governance Council. The Company Secretary is appointed by and is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary acts on all Committees of the Board. Each Director is able to communicate directly with the Company Secretary on all matters relating to the functioning of the Board.

### **Diversity Policy**

The Board has implemented a Diversity Policy in line with recommendation 1.5 of the Corporate Governance Council. The Company believes that the promotion of diversity on its Board, in senior management and within the organisation is good practice and adds to the strength of the Company.

The policy affirms existing employment arrangements which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

The Board has adopted a Diversity Policy that details the purpose of the policy, the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient Diversity Policy has the effect of broadening the employee recruitment pool, supporting employee retention and including different perspectives, as well as being socially and economically responsible governance practice.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company, in keeping with the recommendations of the Corporation Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 31 December 2017:

	Number of females	Total number of persons employed	Percentage
Females employed in the Company as a whole	19	54	35%
Females employed in the Company in senior positions	2	8	25%
Females appointed as a Director of the Company	1	5	20%

The recommendations of the Corporate Governance Council relating to reporting requires a Board to set measurable objectives for achieving diversity within the organisation and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are capability and performance based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company will, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on capability and responsibility as part of its annual and on-going review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on the job mentoring.

### **Gender Diversity**

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implemented requirements for a proportion of female candidates for employment and Board positions.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

### **Evaluation of Board Performance**

The Company has a formal process for the evaluation of the performance of the Board and, as such, does comply with Recommendation 1.6 of the Corporate Governance Council. The Board undertakes an annual formal review of its performance. The process includes the completion of individual questionnaires focussed on Board processes, effectiveness and structure as well as the effectiveness and contribution made by each Director. The responses are collated and discussed with a view to considering recommendations for improvement.

### Evaluation of Executive Performance

The Company has complied with Recommendation 1.7 of the Corporate Governance Council. The Managing Director and Chief Executive Officer currently conducts annual performance appraisal meetings with Executives and senior management incorporating a formal appraisal form and review of each individual's performance and contribution during the year. The Managing Director and Chief Executive Officer's performance is assessed by the independent Non-executive Directors through the Remuneration & Nomination Committee.

## CORPORATE GOVERNANCE COUNCIL PRINCIPLE 2

### Structure the Board to Add Value

#### Remuneration & Nomination Committee

The selection and appointment process for new Directors is carried out by the Remuneration & Nomination Committee, with reference to the full Board for the final appointment.

#### Skills and Experience

The strategy of the Company is to continue to innovatively explore the highly prospective Yamarna Greenstone Belt and other regions we may enter, for further gold discoveries while simultaneously developing the Gruyere Gold Project, with our Joint Venture partner Gold Fields Ltd, positioning the Company to be a self-funded explorer.

The Board skills required to deliver this strategy are listed in the matrix below, together with the skills brought by the Company's Directors.

Identified Skills	Executive Directors	Non – executive Directors
Corporate governance	2	3
Geology - mining & exploration	2	1
Mining	1	3
Accounting, treasury & audit	1	2
Gold industry knowledge and direct experience	2	3
Risk management	2	3
Investor relations	2	2
Corporate transactions	2	2
Project studies and construction	1	2
Operations management	2	2
Funding mechanisms and treasury	1	2
Technology	1	1
Health & Safety	1	3
Environmental	1	2

Board qualifications and length of service as at 31 December 2017 are summarised in the table below:

Name	Qualifications	Length of service
Mr Tim Netscher – Non-executive Chairman*	BSc(Eng) (Chemical), B Com, MBA, CEng, FICHEM, MAICD	3 years and 4 months
Mr Ian Murray – Managing Director and Chief Executive Officer	B Com, CA, CA(SA), Adv Tax Cert	10 years and 2 months
Mr Justin Osborne – Executive	BSc (Hons), FAusIMM, MAICD	3 years
Ms Sharon Warburton – Non-executive*	B Bus, FCA, GAICD, FAIB	1 year and 8 months
Mr Brian Levet – Non-executive*	BSc(Hons), MBA	4 months

\*Independent

At this stage of the Company's development the Board believes that there is an appropriate mix of skills, experience and expertise on the Board. As the Company progresses the development of the Gruyere Gold Project with its joint venture partner, Gold Fields Ltd, the Board believes that additional expertise is likely to be required and at that time further consideration will be given to ensuring the Board has an appropriate mix of skills and diversity.

### **Board Composition**

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board includes the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event, one third of the Directors are subject to re-election by shareholders at each general meeting.

During the 6 month period ended 31 December 2017 the Board had a majority of independent Directors and complied with recommendation 2.4 of the Corporate Governance Council from that time. The Board has assessed the independence of the Directors in accordance with the definition contained within the ASX Corporate Governance Principles and Guidelines.

### **Roles of Chairman and Chief Executive Officer**

The Company has, since 1 July 2016, maintained a separation between the Chairman and Chief Executive Officer roles. The day-to-day management of the Company is overseen by the Managing Director and Chief Executive Officer, Mr Ian Murray. The Chairman of the Board is an Independent Director, Mr Tim Netscher. Recommendation 2.5 of the Corporate Governance Council has therefore been complied with.

### **Education**

The Company encourages Directors to maintain their knowledge of the specific matters relating to the Company including: the nature of the business, current issues and the corporate strategy. Directors are given access to, and are encouraged to, participate in continuing professional education opportunities to update and enhance their relevant skills and knowledge.

### **Independent Professional Advice and Access to Information**

Each Director has the right to access all relevant information in respect to the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice on matters relating to him as a Director of the Company at the Company's expense, subject to the Chairman's prior approval, which shall not be unreasonably withheld.

## CORPORATE GOVERNANCE COUNCIL PRINCIPLE 3

### *Act Ethically and Responsibly*

#### **Code of Conduct**

The Board believes in and supports ethical and responsible decision making. It is expected that all Directors, Executives, managers and employees observe the highest standards of integrity, objectivity and business ethics in conducting their business, striving at all times to enhance the reputation and performance of the Company in respect of legal and other obligations to all legitimate stakeholders.

Accordingly, the Board acknowledges the rights of stakeholders and has adopted a Code of Conduct.

The Board has a Code of Conduct that applies to all employees, managers, Executives and Directors of the Company and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in the following areas:

- Responsibility to shareholders;
- Integrity and honesty;
- Respect for laws;
- Conflicts of interests;
- Protection of assets;
- Confidential information;
- Employment practices;
- Respect for the community;
- Respect for individuals;
- Fair trading and dealing;
- Compliance with Code of Conduct; and
- Periodic review of the Code.

A copy of the Company's Code of Conduct is available on the Company's [website](#).

#### **Securities Trading Policy**

The Board has committed to ensuring that the Company, its Directors and Executives, managers and employees comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy on dealing in the Company's securities by Directors, Executives, managers and employees which prohibits dealing in the Company's securities when those persons possess market sensitive information. Further, in keeping with Listing Rule Amendments, additional restrictions are placed on trading by relevant persons including Directors, Key Management Personnel and employees. The policy also provides that notification of intended trading should be given to the Chairman prior to trading. A copy of the Policy for dealing in Company Securities is available on the Company's [website](#).

The law prohibits insider trading and the Corporations Act and the ASX Listing Rules require disclosure of any trading undertaken by Directors or their related entities in the Company's securities.

## CORPORATE GOVERNANCE COUNCIL PRINCIPLE 4

### *Safeguarding Integrity in Corporate Reporting*

#### **Audit & Risk Committee**

The Audit & Risk Committee is comprised of three Non-executive Directors and is chaired by an Independent Director who is not the Chairman of the Board. The members of the Audit & Risk Committee are Sharon Warburton (Chairman), Tim Netscher and Brian Levet. Ms Warburton is a Fellow of Institute of Chartered Accountants Australia New Zealand. All of the members of the Audit & Risk Committee are independent and the Company therefore complies with Recommendation 4.1 of the Corporate Governance Council.

During the 6 month period ended 31 December 2017 the Audit & Risk Committee held three meetings at which all eligible committee members attended. The relevant qualifications and experience of the committee members can be found in their biographical information in the Director's Report in the [Financial Statements](#).

The responsibilities of the Audit & Risk Committee include the appointment, compensation and oversight of the independent auditor, the review of the published financial reports and a review of the risk management and internal control system.

### **Financial Reporting**

The Board relies on Executives and senior management to monitor the internal controls within the Company. During the 6 month period ended 31 December 2017 financial performance was monitored on a regular basis by the Managing Director and Chief Executive Officer, Company Secretary and the General Manager - Finance who report to the Board at the scheduled Board meetings.

The Board requires the Managing Director and Chief Executive Officer and the General Manager - Finance (or equivalent) to provide a written statement that the financial statements of the Company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporations Act. The Board also requires that the Managing Director and Chief Executive Officer and General Manager - Finance (or equivalent) provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 4.2 of the Corporate Governance Council.

### **External Auditors**

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. Performance of the external auditor is reviewed annually by the Board. Auditor rotation is required by the Corporations Act 2001. The external auditor is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report in accordance with Recommendation 4.3 of the Corporate Governance Council.

## **CORPORATE GOVERNANCE COUNCIL PRINCIPLE 5**

### ***Make Timely and Balanced Disclosure***

#### **Timely and Balanced Disclosure**

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the ASX Listing Rules.

The Company has adopted formal written policies and procedures, designed to ensure compliance with the ASX Listing Rule requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council. A copy of the Continuous Disclosure Policy is available on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an on-going basis. The Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules, the Company Secretary is appointed as the Company's disclosure officer.

## CORPORATE GOVERNANCE COUNCIL PRINCIPLE 6

### *Respect the Rights of Security Holders*

#### **Communications**

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, and so complies with Recommendations 6.1 to 6.4 of the Corporate Governance Council.

A copy of the Shareholder Communications Policy is available on the Company's [website](#).

In addition to electronic communication via the ASX website, the Company publishes all ASX releases including Annual and Half-Yearly financial statements on the Company's website at [www.goldroad.com.au](http://www.goldroad.com.au).

Contact details for the Company's share registry are made available for security holders.

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who is required to attend the Company's Annual General Meeting for that purpose.

## CORPORATE GOVERNANCE COUNCIL PRINCIPLE 7

### *Recognise and Manage Risk*

#### **Audit & Risk Committee**

The Audit & Risk Committee oversee the effectiveness of the risk management and internal control system on behalf of the Board, and thereby adheres with Recommendation 7.1. The Board delegates day-to-day management of risk to the Managing Director and Chief Executive Officer, Executive and senior management. These responsibilities include implementing and maintaining a system to enable risk to be identified, assessed and managed. Any material risks including those relating to the economic, environmental and social sustainability of the Company are regularly reported to the Board. A copy of the Company's Risk Management and Internal Control Policy is available on the Company's [website](#).

#### **Risk Management and Internal Control System**

The Company has a formal risk management and internal control system that describes the structure and activity requirements to give effect to Company's Risk Management and Internal Control Policy. The Managing Director and Chief Executive Officer is ultimately responsible for ensuring risk management is appropriately adopted across the Company, and management provide ongoing leadership to ensure risk management is reflected in decision making, planning and day to day activities.

The risk management and internal control system is integrated into the Company's activities to ensure the timely recognition and management of risks. In accordance with Recommendation 7.2 the Audit & Risk Committee review the effectiveness of the system to ensure its ongoing effectiveness.

#### **Internal Audit**

The Company does not believe that it is of a size that warrants an internal audit function. The Company has established a formal control hierarchy to enable the systematic design and implementation of fit for purpose controls. A control monitoring and assurance process is integrated with the risk management and internal control system to enable management to provide reasonable assurance to the Board and Executive that material risks are being effectively managed. As the Company grows, the Audit & Risk Committee will continuously review the need to establish a dedicated internal audit function.

## ***Managing & Disclosing Material Risks***

### ***Economic, Environmental and Social Sustainability Risks***

The Company maintains a series of risk registers that contain risks and controls specific to that area of the Company. These risk registers describe the risks preventing the achievement of the Company's objectives, which include economic, environmental and social sustainability objectives. The material risks and corresponding controls within these risk registers are formally reviewed by senior management and Executive, and reported to the Board during each reporting period. In accordance with Recommendation 7.4 the Company publically discloses its material risk issues and controls.

## **CORPORATE GOVERNANCE COUNCIL PRINCIPLE 8**

### ***Remunerate Fairly and Responsibly***

The Company's remuneration policy is to ensure that the remuneration package properly reflects the relevant individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality and is aligned with delivering sustainable shareholder value.

Disclosure of the details of the nature and amount of each element of Directors', including Non-executive Directors, and Executive's remuneration is included in the Remuneration Report forming part of the Director's Report in the Financial Statements.

#### **Remuneration & Nomination Committee**

The Remuneration & Nomination Committee was established to assist the Board by making recommendations on remuneration packages for Executive and Non-Executive Directors, and where appropriate, senior management. In addition, the Remuneration & Nomination Committee reviews proposed long and short term incentive plans including the appropriate use of performance based hurdles, and retirement and termination benefits.

The Remuneration & Nomination Committee consists of three Non-executive Directors being Brian Levett (Chairman), Tim Netscher and Sharon Warburton. The Remuneration & Nomination Committee is chaired by an Independent Director who is not the Chairman of the Board, and the majority of members are independent and accordingly complies with Recommendation 8.1 of the Corporate Governance Council.

The Remuneration & Nomination Committee operates under a Remuneration & Nomination Committee Charter which complies with Recommendation 8.1 of the Corporate Governance Council. The Charter clearly sets out the role and responsibilities of the Remuneration & Nomination Committee and the charter terms provide the Remuneration & Nomination Committee with the ability to access internal and external resources as appropriate. The Charter is available on the Company's [website](#).

The Remuneration & Nomination Committee ensures that no Director participates in deliberations regarding their own remuneration or related issues.

During the 6 month period ended 31 December 2017 the Remuneration & Nomination Committee held three meetings at which all eligible committee members attended.

#### **Distinguish Between Executive and Non-executive Remuneration**

The Company does distinguish between the remuneration policies and practices of its Executive and Non-executive Directors in accordance with Recommendation 8.2 of the Corporate Governance Council.

Executive Directors receive salary packages which include performance based components, designed to reward and motivate and to be aligned with delivering sustainable shareholder value, including the granting of Options and Performance Rights, subject to shareholder approval and with vesting conditions relating to continuity of engagement.

Non-executive Directors receive fees agreed on an annual basis by the Board, within total Non-executive remuneration limits voted upon by shareholders at Annual General Meetings.

The Board ensures that all matters of remuneration will continue to be in accordance with Corporations Act requirements, by ensuring that none of the Directors participate in any deliberations regarding their own remuneration or related issues. To the extent that additional Directors and Executives are appointed in the future and the scope of the Company's activities expands, the Company will reconsider whether a change in the structure of executive remuneration is appropriate.

For details on the amount of remuneration and all monetary and non-monetary components for all Directors and Key Management Personnel refer to the Remuneration Report in the Director's Report included in the Financial Statements.

#### **Securities Trading Policy**

The Company has an Employee Incentive Plan, which has been approved by Shareholders, a copy of which is located on the Corporate Governance landing page of the [website](#).

The Gold Road Securities Trading Policy specifically prohibits Directors, officers and employees from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes. A copy of the Securities Trading Policy can be found on the Corporate Governance page of the Company website.