



# SOON MINING LIMITED

ACN 603 637 083

## CORPORATE GOVERNANCE

---

### CORPORATE GOVERNANCE STATEMENT – 2018

This Corporate Governance Statement reports on the main corporate governance practices of Soon Mining Limited (Company) as at 22<sup>th</sup> March 2019 and has been approved by the Board of the Company on that date. References in this statement to “reporting period” are to the financial year ended 31 December 2018.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company’s Corporate Governance Policies are available on the Company’s website at [www.soonmining.com](http://www.soonmining.com)

### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### RECOMMENDATION 1.1 – RECOMMENDATION FOLLOWED

*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 Company has a Board Charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.

A copy of the Board Charter can be viewed on the Company’s website, or via this link: [Board Charter](#)

#### RECOMMENDATION 1.2 – RECOMMENDATION FOLLOWED

*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.*

Prior to the appointment of a person, or putting forward to security holders a candidate for election, as a director, the Company undertakes appropriate checks to verify a director’s character, experience, education, criminal record and insolvency checks.

The Company ensures that all material information in its possession relevant to a shareholder’s decision whether to elect or re-elect a director, including the information referred to in Recommendation 1.2, is provided to shareholders in the Company’s Notice of Annual General Meeting.

#### RECOMMENDATION 1.3 – RECOMMENDATION FOLLOWED

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

Each director and senior executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment. Further detail is set out in the Remuneration Report in the Company’s 2018 Annual Report which is available via this link: [2018 Annual Report](#)

#### RECOMMENDATION 1.4 – RECOMMENDATION FOLLOWED

*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, and all directors have access to the Company Secretary. The Company Secretary's role in respect of matters relating to the proper functioning of the Board includes advising the Board on corporate governance matters, monitoring that Board and committee policy and procedures are followed, coordinating all Board and committee business, and helping to organise and facilitate the induction and professional development of directors.

The Company's Board Charter provides further detail on the role the Company Secretary and is available via this link: [Board Charter](#)

#### RECOMMENDATION 1.5 – RECOMMENDATION NOT FOLLOWED

*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:*
  - 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*
  - 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.*

The Company recognises the benefits of maintaining a diverse workforce and utilising the diverse skills and talent across its directors, management and employees. To this end the Company has developed a Diversity Policy which is available via this link: [Diversity Policy](#)

Taking into consideration the scale of the Company's operations, the size of the Board, and that the Company has not yet commenced mining, the Board has determined that this recommendation in respect of measurable objectives is not appropriate for the Company at this time.

#### RECOMMENDATION 1.6 – RECOMMENDATION FOLLOWED

*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 Board Charter requires that each year the Board will conduct a self-evaluation of its performance against that Charter, and report the details and results of any performance evaluations undertaken during the period. The Board Charter is available on the website or via this link: [Board Charter](#)

The Company undertook a board performance assessment in December 2018 and concluded that the board composition is appropriate for the current activities of the Group.

**RECOMMENDATION 1.7 – RECOMMENDATION FOLLOWED**

*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.*

The Company's senior executives are the Managing Director and the Chief Financial Officer (who is also an Executive Director). The Board intends to formalise a process for the performance evaluation of its senior executives and will undertake a performance evaluation during 2019.

**PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**
**RECOMMENDATION 2.1 – RECOMMENDATION FOLLOWED**

*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; 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 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.*

The Company has not formed a separate Nomination Committee as the Board considers that the Company is not currently of a size to warrant a separate committee, and the full Board undertakes the role.

The Board maintains responsibility for ensuring the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The full Board also maintains responsibility for Board succession.

The composition of the Board is reviewed annually by the Board to ensure it has an appropriate mix of skills and experience that enables the directors individually, and the Board collectively, to:

- have a proper understanding of, and competence to deal with, the current and emerging issues of the Company and can effectively review and challenge the performance of those consultants and other advisors engaged to assist the Company in its mining, exploration and other activities; and
- discharge their legal duties and responsibilities effectively and efficiently.

The Board and committee structure is reviewed annually in line with the appropriate stages of the Company's development.

The nomination responsibilities of the Board are set out in the Board Charter which is available on the website or via this link:

[\*Board Charter\*](#)

**RECOMMENDATION 2.2 – RECOMMENDATION FOLLOWED**

*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.*

In accordance with its Board Charter, the Board has established a Board Skills Matrix which sets out the mix of skills and diversity that the Board currently has or is looking to achieve in its Board membership. The Board has identified the below list as the current optimum skills and diversity for the Company.

- Mining and resources expertise, including metallurgy and metals marketing expertise;
- Corporate governance and ASX listed company experience;
- Financial specialism, including capital markets, corporate finance and accounting qualifications; and
- Risk management and compliance oversight,

The Board will use the Board Skills Matrix to identify gaps in skills of its membership, as well as for succession planning from time to time.

The Board will also review this Board Skills Matrix from time to time to ensure that it remains relevant in relation to the operations of the Company as it evolves.

#### **RECOMMENDATION 2.3 – RECOMMENDATION FOLLOWED**

*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 board comprises three directors, one of whom (Jiahui Jeremiah Thum) is independent non-executive director and two executive directors (Ching-Tiem Huang (Managing Director) and Ching-Ling Chi (Chief Financial Officer)).

The names of the directors who held office during the year are detailed on pages 4 to 12 of the Company's 2018 Annual Report in the Director's Report, together with details of each director's skills, experience and expertise, appointment date and the independence of the director.

The independence of directors is reviewed annually. Based on the Company's criteria for assessing director independence, independent directors are asked to confirm whether they have any interests or relationships that may impact either on their ability to act in the best interests of the Company or independently of management. The criteria used to assess independence, including guidance for determining materiality, are reviewed annually and are set out in the Board Charter.

The Company's 2018 Annual Report is available on the website via this link: [2018 Annual Report](#)

#### **RECOMMENDATION 2.4 – RECOMMENDATION NOT FOLLOWED**

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

The Board comprises three members, one being independent and two being executive (and therefore non-independent) directors.

The Company considers this to be an appropriate balance given the size of the Company and considers the current Board size and composition is appropriate. The Board may appoint additional independent non-executive Directors in the future, having regard to the financial position of the Company.

#### **RECOMMENDATION 2.5 – RECOMMENDATION NOT FOLLOWED**

*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 Chair of the Board is Mr Ching-Tiem Huang, who is also the Managing Director of the Company. Given Mr Huang's operational experience with the Company's assets, and West African mining experience, the Board considers Mr Huang as being the most appropriate person to be Chair of the Board at this time. The Company will continue to review this.

#### **RECOMMENDATION 2.6 – RECOMMENDATION FOLLOWED**

*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.*

All new directors participate in an induction program and the Company encourages ongoing professional development of directors to maintain the skills required to effectively discharge their obligations to the Company.

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

#### RECOMMENDATION 3.1 – RECOMMENDATION FOLLOWED

*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 has a Code of Conduct that sets out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants.

The Code of Conduct is available on the website or via this link: [Code of Conduct](#)

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

#### RECOMMENDATION 4.1 – RECOMMENDATION NOT FOLLOWED

*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 has not formed a separate Audit Committee. The full Board maintains responsibility for ensuring the Board independently verify and safeguard the integrity of its corporate reporting. The full Board also maintains responsibility for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

These responsibilities of the Board are set out in the Board Charter which is available on the website or via this link: [Board Charter](#).

#### RECOMMENDATION 4.2 – RECOMMENDATION FOLLOWED

*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.*

The Board has received a declaration in the form set out in Recommendation 4.2 from the Managing Director/Chief Executive Officer and Chief Financial Officer in relation to the financial statements for the financial period ended 31 December 2018.

#### RECOMMENDATION 4.3 – RECOMMENDATION FOLLOWED

*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.*

In accordance with the Shareholder Communications Policy, the external auditor attends the Company's AGM and will be available to answer questions from security holders relevant to the audit.

The Shareholder Communications Policy is available on the website or via this link: [Shareholder Communication Policy](#).

## PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

### RECOMMENDATION 5.1 – RECOMMENDATION FOLLOWED

*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 a Continuous Disclosure Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its communications to the market.

The Company has adopted a Continuous Disclosure Policy which establishes processes and procedures designed to ensure that directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. Under the policy, the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations.

The Continuous Disclosure Policy is available on the website or via this link: [Continuous Disclosure Policy](#)

## PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

### RECOMMENDATION 6.1 – RECOMMENDATION FOLLOWED

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

The Company's Corporate Governance Statement, Charters and Corporate Governance Policies are included on its website [www.soonmining.com](http://www.soonmining.com).

### RECOMMENDATION 6.2 – RECOMMENDATION FOLLOWED

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

The Company has a Shareholder Communications Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure.

The Shareholder Communications Policy is available on the website or via this link: [Shareholder Communication Policy](#).

The Company's Continuous Disclosure Policy also outlines policies and requirements for communications with analysts and investors to ensure that the communications are effective and comply with the Company's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

The Continuous Disclosure Policy is available on the website at via this link: [Continuous Disclosure Policy](#)

### RECOMMENDATION 6.3 – RECOMMENDATION FOLLOWED

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

At the Annual General Meeting the Board encourages the participation of shareholders in accordance with the Company's Shareholder Communications Policy. At the AGM the Chair will provide time for questions and comments from security holders. The external auditor also attends the AGM to answer questions from shareholders.

The Shareholder Communications Policy is available on the website or via this link: [Shareholder Communication Policy](#)

### RECOMMENDATION 6.4 – RECOMMENDATION FOLLOWED

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

The Company gives shareholders the option to receive communications from, and send communications to, the Company and its share registry electronically, as provided for in the Company's Shareholder Communications Policy.

The Shareholder Communication Policy is available on the website or via this link: [Shareholder Communication Policy](#).

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

### RECOMMENDATION 7.1 – RECOMMENDATION FOLLOWED

*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 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 has not formed a separate risk management committee. However, the board has clear responsibilities and processes set out in the Board Charter relating to risk management and these are undertaken by the Board.

A copy of the Board Charter can be viewed via this link: [Board Charter](#)

### RECOMMENDATION 7.2 – RECOMMENDATION FOLLOWED

*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's Board Charter requires the Board to review at least annually the effectiveness of the Company's risk management and internal control systems.

A copy of the Board Charter can be viewed via this link: [Board Charter](#)

In the reporting period, the Board has completed a structured and comprehensive review of the Company's risk management framework and internal controls system and has been approved accordingly.

### RECOMMENDATION 7.3 – RECOMMENDATION FOLLOWED

*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, at this stage, have an Internal Audit function. The Board is of the view that the Company's size and scale does not currently support an independent internal audit function. The Board may from time to time utilise external parties to undertake internal audit control reviews.

The full Board maintains responsibility for evaluating and continually improving the effectiveness of the Company's risk management and internal control processes. These responsibilities of the Board are set out in the Board Charter.

A copy of the Board Charter can be viewed at via this link: [Board Charter](#)

### RECOMMENDATION 7.4 – RECOMMENDATION FOLLOWED

*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 undertakes mineral exploration and mining development and, as such, faces risks inherent to its business, including economic, environmental, social sustainability and sovereign risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.

The Company has disclosed these risks and how it manages such risks in its 2018 Annual Report, which is available via this link: [2018 Annual Report](#)

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### RECOMMENDATION 8.1 – RECOMMENDATION FOLLOWED

*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; 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 risk 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 remuneration is appropriate and not excessive.*

The Company has not formed a separate remuneration committee. The Board considers that the Company is not currently of a size to justify the establishment of a separate remuneration committee.

The full Board maintains responsibility for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. The Board also carries responsibility for the approval of all remuneration matters and appointment terms for key service providers to the company. Details of the Board's remuneration responsibilities are set out in the Board Charter, which can be viewed at: [Board Charter](#)

Full details of director's remuneration and key management personnel are set out in the Remuneration Report contained in the 2018 Annual Report which is available at: [2018 Annual Report](#)

### RECOMMENDATION 8.2 – RECOMMENDATION FOLLOWED

*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 Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors are set out in the Remuneration Report contained in the 2018 Annual Report, which is available at: [2018 Annual Report](#)

The Board has also established a Remuneration Policy for ensuring that the Company has appropriate, fair and reasonable remuneration guidelines in place to comply with the ASX Listing Rules and relevant Australian Corporations law and attract, retain and motivate high quality directors and executives who will generate value for shareholders.

A copy of the Remuneration Policy can be viewed at: [Remuneration Policy](#)

### RECOMMENDATION 8.3 – RECOMMENDATION FOLLOWED

*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 Company does not currently have an equity-based remuneration scheme. There are currently no options on issue or unvested entitlements for any Director. If any such entitlements are issued in the future, the Company's Securities Dealing Policy prohibits the holder from entering into any hedging arrangements prior to the vesting of the securities.

A copy of the Securities Trading Policy is located at: [Securities Trading Policy](#)

The Company's Remuneration Policy requires if any equity-based remuneration plans are adopted, the Board will be responsible for reviewing their terms and overseeing their administration, including ensuring compliance with applicable laws that restrict participants from hedging the economic risk of their security holdings.

A copy of the Remuneration Policy can be viewed at: [Remuneration Policy](#)