



## Corporate Governance Statement

This Corporate Governance Statement reports the governance processes and procedures in place at Alicanto Minerals Limited as at 30 June 2021 and has been approved by the board of the Company as at 28 September 2021. This Corporate Governance Statement is also provided on our website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au), together with copies of our Board and Board Committee Charters and some of the Company's key policies. The ASX Appendix 4G, which is a checklist cross-referencing the fourth edition of the ASX Corporate Governance Principles and Recommendations (ASX Recommendations) to the relevant disclosures in the Corporate Governance Statement and the 2021 Annual Report is also provided on that webpage.

### Commitment to Good Governance

The directors of Alicanto Minerals Limited ("Alicanto" 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.

### ASX Corporate Governance Council's Principles and Recommendations (4<sup>th</sup> Edition)

Alicanto reviews 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. From 1 July 2020, the Company adopted the fourth edition of the ASX Recommendations, which was released on 30 June 2020. To this end, the Alicanto corporate governance practices and policies was made with consideration to the ASX Corporate Governance Council's Principles and Recommendations (fourth edition) ('CGRs').

The following table outlines which of the ASX recommendations the Company has not complied with. Reasons for non-compliance are explained in this report.

ASX Recommendation	Description
1.5	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>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;</li> <li>disclose the policy or a summary of it; and</li> <li>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: <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> </li> </ol>
1.6	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ol>
2.4	A majority of the board of a listed entity should be independent directors.

## Principle 1 - Lay solid foundations for management and oversight by the board

### Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

- 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 of Directors is collectively responsible for the success of the Company. In order to achieve this objective, the Board must promote and protect the interests of shareholders and other stakeholders. The Board must also ensure that the Company complies with all of its contractual, statutory and legal obligations.

The conduct of the Board, as well as being governed by federal and state legislation, the ASX Listing Rules and the Common Law, is also regulated by the Company's constitution, Code of Conduct and other Company policies.

The roles and responsibilities of the Board and the Senior Management ("Executive's") are set out in the Company's Board Charter, of which a copy is available on the Company's website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

The Board Charter provides that the Board has the following key responsibilities:

- (a) providing leadership to the Company by:
  - (i) defining the Company's purpose;
  - (ii) approving the Company's Statement of Values and code of conduct to underpin the desired culture within the Company;
  - (iii) always acting in a manner consistent with the Company's culture and Code of Conduct and Statement of Values;
- (b) overseeing the development and implementation of an appropriate strategy, the instilling of the Company's values and performance 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) ensuring an appropriate framework exists for relevant information to be reported by the management to the Board;
  - (v) 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; and
  - (vi) 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 the integrity of the Company's accounting systems including the external audit;
- (f) ensuring robust and effective risk management (for both financial and non-financial risks), compliance, continuous disclosure and control systems (including legal compliance) are in place and operating effectively;
- (g) appointing, and where necessary removing and/or replacing, the Chair;
- (h) being responsible for the Company's senior management and personnel including:
  - (i) directly managing the performance of the Managing Director, or equivalent chief executive officer (MD) including:
    - (A) appointing and remunerating the MD;
    - (B) providing advice and counsel to the MD including formal reviews and feedback on his or her performance; and
    - (C) overseeing the development or removal of the MD, where necessary;
  - (ii) ratifying the appointment, the terms and conditions of the appointment and, where appropriate, removal of the Chief Financial Officer (**CFO**) and/or Company Secretary and other senior executives;
  - (iii) ensuring appropriate checks are undertaken prior to the appointment of directors and senior executives;
  - (iv) ensuring that an appropriate succession plan for the MD, CFO and Company Secretary is in place; and
  - (v) when required, ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees;
- (i) ensuring that the Company's remuneration and nomination policies are aligned with the entity's purpose, values, strategic objectives and risk appetite.
- (j) delegating appropriate powers to the MD, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- (k) ensuring Directors receive briefings on material developments in laws, regulations and accounting standards relevant to the Company;
- (l) where required, challenging management and holding it to account; and
- (m) making all decisions outside the scope of these delegated powers.

The Board has delegated responsibility for the day-to-day management of the Company to the Managing Director who is supported by the Executives. However, the Board remains ultimately responsible for the strategic direction of the Company.

The Board and Executive Charter provides that the Managing Director has the following key responsibilities:

- (a) develop, in conjunction with the Board, the Company's vision, values, and goals;
- (b) responsibility for the achievement of corporate goals and objectives;

- (c) development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- (d) preparation of business plans and reports with the senior management;
- (e) developing with the Board the definition of ongoing corporate strategy;
- (f) implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- (g) advise the Board regarding the most effective organisational structure and oversee its implementation;
- (h) assessment of business opportunities of potential benefit to the Company;
- (i) responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds;
- (j) sustain competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- (k) establish and maintain effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- (l) undertake the role of key Company spokesperson;
- (m) recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;
- (n) ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- (o) ensure appropriate risk management practices and policies are in place;
- (p) develop and motivate direct reports and their respective teams;
- (q) select and appoint key staff as and when required (direct reports); and
- (r) ensure there is an appropriate staff appraisal system in place in the Company.

### **Recommendation 1.2**

A listed entity should:

- a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.

As stipulated in the CGRs, background checks are carried out on all new directors and senior executives prior to their appointment or submission to security holders for election. These checks include: gaining character references; confirming the experience and education of the new director; and checking that the new Director has not been bankrupt.

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

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

Each director and Executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities and (to the extent applicable) the matters referred to in the commentary to Recommendation 1.3.

### 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 responsibilities of the Company Secretary are set out in the Board Charter located at: [www.alicantominerals.com.au](http://www.alicantominerals.com.au).

### Recommendation 1.5

A listed entity should:

- c) have and disclose a diversity policy;
- d) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- e) disclose in relation to each reporting period:
  - 1. the measurable objectives set for that period to achieve gender diversity;
  - 2. the entity's progress towards achieving those objectives; and
  - 3. either:
    - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
    - (B) 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.

If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy, a copy of which is located at [www.alicantominerals.com.au](http://www.alicantominerals.com.au). In addition, the organisations statement of values can be found in its Code of Conduct which is also located at [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

In 2020, AQI adopted a Diversity Policy that includes, but is not limited to, factors such as gender, age, ethnicity and cultural background. A copy of the Diversity Policy is available for inspection on the Company's website.

The Diversity Policy states that the setting of any measurable objectives is the responsibility of the Board.

The Board will review measurable objectives, if any, and the progress against the objectives annually.

At the end of the current reporting period, no measurable objectives have been set by the Company given the size and nature of the Company's operations.

As at 30 June 2021, the proportion of women on the Board and in senior management positions was nil (2020: nil). The proportion of women in our overall workforce was 33.3% (2020: 23.7%).

### 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, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Board Charter provides that the Board's performance shall be evaluated in such a manner as the Board deems appropriate.

A formal Director performance evaluation was not conducted in 2021, but the Chairperson did give feedback to each Director. In the coming year, each Director performance will be discussed, whereby the performance of individual members and the performance of the Board as a whole, will be assessed. A standalone board performance review was also not conducted during the year.

### Recommendation 1.7

A listed entity should:

- a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company's policy is to conduct annual evaluations of the performance of senior executives.

The Company's process for evaluating the performance of the Executive's is stated in the Board Charter, a copy of which is available on the Company's website.

A review of the performance of Executive's was carried out verbally. The review is conducted by the Chairperson or Managing Director.

## Principle 2 - Structure the board to add value

### Recommendation 2.1

The board of a listed entity should:

- a) have a nomination committee which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director,and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance 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 established a Nomination Committee as the Board only consists of three (3) members.

It is considered that the establishment of a Nomination Committee would not be a more efficient mechanism than the full Board performing the role and responsibilities of the Nomination Committee.

The Company has adopted a Remuneration and Nomination Committee Charter which is available for inspection on the Company's website. The Remuneration and Nomination Committee Charter includes details of the structure and the responsibilities of the Committee. It also states that the Remuneration and Nomination Committee must meet at least once a year. The Board confirms that they have met during the reporting period to undertake the responsibilities of the Nomination Committee.

### **Recommendation 2.2**

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

As detailed on the Company website, the directors are all professionals with a wealth of experience in different areas relevant to Alicanto's business. Alicanto is committed to ensuring the Board is comprised of directors who possess the appropriate mix of skills, expertise and diversity to adequately discharge its responsibilities and duties.

Through the use of a board skills matrix, the Board assesses the need for additional or new directors and the value the current directors bring to the Board. The mix of skills comprised in the current Board, and that the Board would look to maintain and to build on, includes:

- resource sector experience;
- technical expertise (including accounting, legal, exploration and mining operations);
- governance and risk management;
- debt and equity fundraising experience;
- high level of business acumen; and
- appropriate team orientated behavioural characteristics.

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 your board where it believes the expertise and value added outweighs the additional cost.

### **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 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 or relationship in question and an explanation of why the board is of that opinion; and
- c) the length of service of each director.

Director	Role	Profession	Non-Executive	Independent	In office (years)
Mr Raymond Shorrocks	Non-Executive Chairperson	Finance and Stockbroking	Yes	Yes	>1
Mr Peter George	Managing Director	Engineer	No	No	>1
Mr Didier Murcia	Non-Executive Director	Lawyer	Yes	Yes	+9

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

Mr D Murcia is a Non-Executive Director (and was the Non-Executive Chairperson as at 30 June 2020) of the Company and was appointed to the Board on 30 May 2012. He has held the position of Director for 9.1 years as of 30 June 2021 and he meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr R Shorrocks is the Non-Executive Chairman of the Company and was appointed to the Board on 7 August 2020. He has held the position of Director for under 1 year as of 30 June 2021 and he meets the Company's criteria for independence.

Mr George does not meet the definition of an independent Director.

#### Recommendation 2.4

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

The Company did not have a majority of the Board independent for the full financial year ended 30 June 2021. From 7 August 2020, the Board did consist of majority independent directors.

#### 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.

The Chair is an independent Director and is not the CEO of the entity.

### **Recommendation 2.6**

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

In accordance with the Board Charter, the Company Secretary is responsible for the induction of new Directors. New Directors are provided with the Company's Charters, Policies and other information that will ensure that they are aware of the Company's operations and management.

The Company supports the continuing development of Directors and will provide adequate opportunities as required..

### **Principle 3 - Promote ethical and responsible decision making**

#### **Recommendation 3.1**

A listed entity should articulate and disclose its values.

Alicanto Minerals Limited instils and reinforces a culture across the Company of acting lawfully, ethically and responsibly. It seeks to operate in line with the values set out below and ensure directors, senior executives and employees work to reinforce these values.

The Company's senior executives have the responsibility of instilling these values across the Company including ensuring that all employees receive appropriate training on the values and referencing and reinforcing the values in interactions with employees.

Alicanto has adopted this Statement of Values to express the standards and behaviours it expects from its directors, senior executives and employees to fulfil its purpose and meet its goals. This is available on the Company's website.

#### **Recommendation 3.2**

A listed entity should:

- a) have and disclose a code of conduct for its directors, senior executives and employees; and
- b) ensure that the board or a committee of the board is informed of any material breaches of that code.

The Company has a Code of Conduct which set out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants. Copies of this policy is located at [www.alicantominerals.com.au](http://www.alicantominerals.com.au).

There were no material breaches of that Polices during the year.

#### **Recommendation 3.3**

A listed entity should:

- a) have and disclose a whistleblower policy; and
- b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company has a Whistleblower Policy. A copy of this document is located at [www.alicantominerals.com.au](http://www.alicantominerals.com.au).

There were no material incidents reported under the policy.

#### Recommendation 3.4

A listed entity should:

- a) have and disclose an anti-bribery and corruption policy; and
- b) ensure that the board or committee of the board is informed of any material breaches of that policy.

The Company has an Anti-Bribery and Corruption Policy. A copy of this document is located at [www.alicantominerals.com.au](http://www.alicantominerals.com.au).

There were no material breaches reported under the policy.

#### Principle 4 - Safeguard integrity in financial reporting

##### Recommendation 4.1

The board of a listed entity should:

- a) have an audit committee which:
    1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
    2. is chaired by an independent director, who is not the chair of the board,
- and disclose:
3. the charter of the committee;
  4. the relevant qualifications and experience of the members of the committee; and
  5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or
- b) if it does not have an audit committee, disclose the fact and the process 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 have a separate Audit Committee. Given the size of the board it has been decided that there are no efficiencies to be gained from forming a separate audit committee. The current board members carry out the roles that would otherwise be undertaken by an Audit Committee.

The procedures detailed in the Audit and Risk Management Committee Charter continue to be relevant and outlines the process employed by the board of directors to 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, a copy of which is available at [www.alicantominerals.com.au](http://www.alicantominerals.com.au).

##### 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

The Managing Director and CFO provides the Board with a declaration in accordance with S295A of the Corporations Act that all financial statements that will be lodged throughout the reporting period are founded on a sound system of risk management and internal compliance.

### Recommendation 4.3

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

The relevant contents of reports released by Alicanto via the ASX Market Announcements platform will be verified by the appropriate person having primary responsibility and expertise in the area. For reports relating to:

- financial matters, typically Alicanto's Company Secretary, will sign off on such reports in conjunction with Alicanto's Executive Director;
- technical matters, typically Alicanto's Executive Director, will sign off on such reports; and
- in regard to matters outside these areas, Alicanto will typically engage with its external advisers as to the form and content of the relevant disclosure.

All reports released via the ASX Market Announcements platform will be subject to sign off by the Alicanto directors.

### Principle 5 - Make timely and balanced disclosure

#### Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Company has a Continuous Disclosure Policy. This policy outlines the disclosure obligations of the Company and its subsidiaries as required under the Corporations Act 2001 (Cth) (the "Corporations Act") and the ASX Listing Rules. This policy is designed to ensure that Alicanto complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules such that:

- all investors have equal and timely access to material information; and
- Alicanto announcements are factual and presented in a clear and balanced manner.

All Alicanto Group directors, officers and employees should observe the requirements set out in this policy.

The purpose of the policy is to:

- summarise the Company's disclosure obligations in accordance with the Listing Rules and the Corporations Act 2011 (Cth);
- explain what type of information needs to be disclosed;
- identify who is responsible for disclosure; and
- explain how individuals at the Company can contribute.

The Company Secretary is responsible for ensuring disclosure of information to the ASX.

A copy of the Continuous Disclosure Policy is available from the corporate governance section of the company's website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

#### Recommendation 5.2

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

Per the Company's Continuous Disclosure Policy, the Alicanto Company Secretary (or, in their absence, the Alicanto Managing Director) will ensure that all Alicanto directors are sent a copy (generally via email) of all ASX disclosures and media releases, promptly after they have been made by Alicanto.

### **Recommendation 5.3**

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

Per the Company's Continuous Disclosure Policy, if any new and substantive investor or analyst presentations are made, Alicanto will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

## **Principle 6 - Respect the rights of shareholders**

### **Recommendation 6.1**

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

Information about the Company and its operations is located at: [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

Information about the Company's corporate governance (including links to the Company's corporate governance policies and charters) is located on the Company's website.

### **Recommendation 6.2**

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

Alicanto Minerals recognises the value of providing current and relevant information to its shareholders. This Shareholder Communications Policy sets out how the Company communicates relevant information to its shareholders which is available on the Company's website.

The Managing Director or the equivalent Chief Executive Officer and Company Secretary have the primary responsibility for communicating with shareholders.

Information is communicated to shareholders through:

- (a) periodic disclosure through the annual report on the financial and operational performance of the Company;
- (b) notices of general meetings and explanatory material;
- (c) general meetings;
- (d) periodic newsletters or letters from the Chairman;
- (e) the Company's website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au); and
- (f) the Company's social media platforms.

Through the Company's share registry, all shareholders are given the option to receive communications from the Company electronically.

### **Recommendation 6.3**

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company's Shareholder Communication Policy sets out how the Company communicates with shareholders and the market effectively and is designed to promote a two-way dialogue, a copy of which is located at [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

#### **Recommendation 6.4**

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

In line with best practice as recommended by the ASX Corporate Governance Principles, the Company has adopted the practice of ensuring that all substantive resolutions presented at general meetings of shareholders will be decided by a poll as outlined in its Shareholder Communication Policy.

For each such resolution, the Company will record the number of securities voted for the resolution, the number of securities voted against the resolution and the number of securities in respect of which abstentions from voting apply. The results of the poll will be notified to ASX and released as an announcement immediately after the meeting has been held.

#### **Recommendation 6.5**

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 welcomes electronic communications from its Shareholders via its publicised email address [info@alicantominerals.com.au](mailto:info@alicantominerals.com.au).

Upon admission onto the Company's share register, the Company's security registry provides shareholders with the option to receive communications from, and send communications to, the Company's security registry electronically including the Annual Report and Notice of Meeting and electronic voting.

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

#### **Recommendation 7.1**

The board of a listed entity should:

- a) have a committee or committees to oversee risk, each of which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director,
  3. and disclose:
    4. the charter of the committee;
    5. the members of the committee; and
    6. 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 have a separate Risk Management Committee. Given the current size of the Company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role.

However the Company does have an Audit and Risk Management Charter which is available on the Company's website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au).

The Company does not have a single specific risk management policy, but rather, financial and operating risks are addressed through individual approved policies and procedures covering financial, contract management, safety and environmental activities of the company.

The Company also engages an insurance broking firm as part of the company's annual assessment of the coverage for insured assets and risks. The results of all the various reviews and insurances are reported to the board at least annually.

The integrity of Alicanto's financial reporting relies upon a sound system of risk management and control. Accordingly, the Managing Director (or the Executive Director in the absence of the Managing Director) and Chief Financial Officer (or most senior financial employee/consultant), to ensure management accountability, are required to provide a statement in writing to the board that the financial reports of Alicanto are based upon a sound risk management policy.

The board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

#### **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 that the entity is operating with due regard to the risk appetite set by the board; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company has a risk management framework (which includes a risk register) to ensure that risk management is integrated into all Alicanto operations. This is reviewed annually.

Reporting on Company risk management occurs on an ongoing basis and reported to the Board of Directors (by the Managing Director and CFO (or most senior financial employee/consultant)). Business risks are continually assessed (at least annually) by the Board in accordance with the Company's risk management and internal control policy.

#### **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 governance, risk management and internal control processes.

Given the Company's current size and level of activity, the Board does not deem it appropriate to create an internal audit function or engage an external advisor to complete this function. Through external audit procedures and internal risk management policies and procedures the Board considers there to be sufficient processes in place for evaluating and continually improving the effectiveness of its risk management and internal control processes. Copies of the Company's Audit and Risk Management Committee Charter are available on the Company's website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

#### **Recommendation 7.4**

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Company manages its exposure to economic risk while it does not consider that it currently has any material exposure to environmental or social sustainability risks however will monitor the exposure and implement appropriate strategies should the company progress towards development.

The Company recognises the importance of identifying and managing risks and ensuring appropriate controls measures are in place. The Company has established a Risk Management System and system for oversight and management of material business risk.

The Company has in place procedures in place for reporting on significant risks (as described above at 7.2), 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.

## Principle 8 - Remunerate fairly and responsibly

### Recommendation 8.1

The board of a listed entity should:

- a) have a remuneration committee which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director,and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  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
- 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 has not established a separate remuneration committee. Given the current size of the company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role. The board of directors reviews and approves recommendations in terms of compensation and incentive plan arrangements for directors and senior executives, having regard to market conditions and the performance of individuals and the consolidated entity.

The procedures detailed in the Remuneration and Nomination Committee Charter outlines the process employed by the board of directors for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. A copy of this policy is available from the corporate governance section of the company's website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

### 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 Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Company's Remuneration and Nomination Committee Charter and in the Remuneration Report contained in the annual report. The Remuneration and Nomination Committee Charter is available from the corporate governance section of the Company's website at [www.alicantominerals.com.au](http://www.alicantominerals.com.au)

### 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 economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it.

The Company has an equity-based remuneration scheme. The Company has an internal policy on director and employee incentive hedging which imposes securities trading restrictions on Alicanto employees. Under the policy, employees who have been issued Incentives are strictly prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested scheme entitlement.