Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity

AusQuest Limited

ABN/ARBN

35 091 542 451

Financial year ended

30 June 2018

Our corporate governance statement[2] for the above period above can be found at:[3]

☒ this URL on our website: www.ausquest.com.au

☐ these pages of our annual report:

The Corporate Governance Statement is accurate and up to date as at 18 September 2018 and has been approved by the board.

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

Date here: 18 September 2018

Sign here: *(signed electronically)*
Company Secretary

Print name: Henko Vos

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

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

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

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

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at this location: http://www.ausquest.com.au/corpgovernance.html	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide× security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (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 fact that we have a diversity policy that complies with paragraph (a): ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and a copy of our diversity policy or a summary of it: ☒ at this location: http://www.ausquest.com.au/corpgovernance.html … the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____	☒ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
		Insert location here	
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
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 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.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ☐ at this location _____ *Insert location here* … and a copy of the charter of the committee: ☒ at this location: http://www.ausquest.com.au/corpgovernance.html … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☒ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		**We have followed the recommendation in full for the whole of the period above. We have disclosed …**	**We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …**
2.2	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.	… our board skills matrix: ☒ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: _____ *Insert location here* … where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: _____ *Insert location here* … the length of service of each director: ☒ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: _____ *Insert location here*	☒ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
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	[If the entity complies with paragraph (a):] … the fact that we have an audit committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and a copy of the charter of the committee: ☒ at this location: http://www.ausquest.com.au/corpgovernance.html	☒ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
	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.	… and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	
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 fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☐ in our Corporate Governance Statement **OR** ☒ at this location: http://www.ausquest.com.au/corpgovernance.html	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☒ at this location: http://www.ausquest.com.au/corpgovernance.html	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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, 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and a copy of the charter of the committee: ☒ at this location: http://www.ausquest.com.au/corpgovernance.html … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at this location:	☒ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
		_____ *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; **OR** (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
		Insert location here	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* … and a copy of the charter of the committee: ☒ at this location: http://www.ausquest.com.au/corpgovernance.html … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior	☒ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
		executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	
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.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES – *NOT APPLICABLE TO AUSQUEST*			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have **NOT** followed the recommendation in full for the whole of the period above. We have disclosed …
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement **OR** ☐ at this location: _____ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

AusQuest Limited
Corporate Governance Statement

INTRODUCTION

The Company is committed to implementing sound standards of corporate governance. In determining what those standards are, the Company has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – Third Edition ("Recommendations").

Further information about the Company's corporate governance practices is set out on the Company's website at www.ausquest.com.au. In accordance with the Recommendations, information published on the Company's website includes charters (for the Board and its sub-committees), the Company's Code of Conduct and other policies and procedures relating to the Board and its responsibilities.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – A listed entity should disclose:

(a) the respective roles and responsibilities of its board and management; and
(b) those matters expressly reserved to the board and those delegated to management.

The roles and responsibilities of the Board compared with those delegated to management are reflective of the Recommendations.

The respective roles of the Board and senior management are summarised in the Company's Board Charter which is available on the Company's website. The Board charter also contains summaries of the responsibilities of the Board, Chair, Lead Independent Director, Managing Director, Non-Executive, Independent Directors as well as Senior Management.

The Board has established functions that are reserved for the Board, as separate from those functions discharged by the Managing Director and are also summarised in the Company's Board Charter which is available on the Company's website.

Recommendation 1.2 – A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes appropriate checks before appointing or re-appointing a person and when putting forward a candidate for election as a Director. A copy of Policy and Procedure for Selection and Re-appointment of Directors is available on the Company's website, and is in line with the Recommendations.

Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has entered into letters of appointment with directors and employees. These contracts ensure that directors and senior executives have a clear understanding of their roles and responsibilities and of the entity's expectations of them.

Recommendation 1.4 – The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary is appointed and removed by, and is accountable directly to, the Board.

The Company Secretary has access to all Board members and the main functions of the role are to assist in advising the Board on governance matters and monitoring compliance with board and committee procedures. The role of the Company Secretary is further summarised in the Company's Board Charter which is available on the Company's website, and are reflective of the Recommendations.

Recommendation 1.5 – A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
(b) disclose that policy or a summary of it, and
(c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company's Diversity Policy is set out on the Company's website.

The Company's Diversity Policy does not include measureable objectives as the Board believes that the Company will not be able to successfully meet these given the current size and stage of development of the Company. If the Company's activities increase in size, nature and scope in the future, then appropriate measureable objectives will be set and put into place.

Notwithstanding the above, the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

During the 2018 financial year, the Company had a total of 1 female employee out of a total of 9 employees and contractors, however the Company had no women in senior executive positions or on the Board. A senior executive is defined by the Company as a member of the senior management team as distinct from the Board, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance.

The Company is a not a 'relevant employer' under the Workplace Gender Equality Act 2012.

Recommendation 1.6 – A listed entity should:

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

The Company has adopted policies and procedures concerning the evaluation and development of the Board, Board Committees and individual directors. This responsibility is allocated to the Board (in its capacity as the Nomination Committee) and the Nomination Committee Charter is available on the Company's website.

Procedures include an internal Board performance assessment, an induction protocol and ongoing discussions with regard to the performance of the Board and its directors. The Company's "Process for Performance Evaluation" is available on the Company's website.

During the 2018 financial year, an internal Board performance assessment has been performed and assessed in accordance with the Company's Process for Performance Evaluation. No material weaknesses were identified and no governance changes were deemed necessary.

Recommendation 1.7 – A listed entity should:

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

The Nomination Committee is charged with periodic review of the job description and performance of the Managing Director.

The Company's website contains a section formally setting out the Company's "Process for Performance Evaluation".

The Managing Director was the subject of informal evaluations against both individual performance and overall business measures. These evaluations were undertaken progressively and periodically throughout the year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – The board of a listed entity should:

a) have a nomination committee which:
- **i) has at least three members, a majority of whom are independent directors; and**
- **ii) is chaired by an independent director.**

and disclose:
- **iii) the charter of the committee;**
- **iv) the members of the committee, 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 full Board performs the function of the Nomination Committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.

The Board, and therefore the Nomination Committee, comprises 3 members of which only 1 is independent. It is also chaired by the independent director, being Mr Hancock. One meeting of the Board in its capacity as the Nomination Committee was held during the year, which was attended by Messrs Hancock, Drew and Ellis (full Board). The Board has adopted a Nomination Committee charter to assist it to fulfil its function as the Nomination Committee and this is available on the Company's website.

Recommendation 2.2 – 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.

The Company recognises the importance of having an appropriate mix of expertise and experience on its Board and Committees to enable it to effectively discharge its corporate governance and oversight responsibilities. The Board accordingly seeks to achieve a balance in its structure that best reflects the needs of the Company at any particular time. Appointment to the Board will be dependent on candidates demonstrating an appropriate breadth of experience in a field of expertise that is relevant to the ongoing supervision of the Company's affairs. This diversity of experience may include a commercial, technical, legal, corporate finance, business development or other background as the Board and management determine as part of its selection processes.

Geographically the mix of skills extents to the international market, with a higher focus placed on operational and technical experience throughout Peruvian, African and Australian markets.

The current Board composition addresses these desired skills, with further and full details of each director's skills and experience noted in the Directors' Report of the Company's 2018 Annual Report. The Board continues to assess and monitor this evaluation.

The policy and process for the nomination, selection and appointment of new directors is available on the Company's website.

Recommendation 2.3 – A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
(c) the length of service of each director.

The names and terms of office of each director, and their status as executive/non-executive/independent, for the year ended 30 June 2018 were as follows (with all directors noted as continuing in office as at 30 June 2018 and still being in office at the date of the 2018 Annual Report, and this statement:

Director	Status	Date of appointment	Length of service
Greg Hancock	Non-Executive/independent	16 September 2003	14 years
Graeme Drew	Executive/ non-independent	15 February 2000	18 years
Chris Ellis	Non-Executive/ non-independent	2 November 2006	11 years

The Company has accepted the definition of "independence" in the Recommendations in making the above assessments of independence.

On 26 June 2018 the Company entered into a 12 month corporate consulting agreement with Mr Hancock covering he period commencing from 1 July 2018. Under the terms of the agreement Mr Hancock can receive up to $48,000 payable over 12 equal monthly payments for these services. Both the Board and Mr Hancock consider this agreement not to be material to them based on its nature and monetary value.

No director has an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations that is considered to compromise independence. Each director's independence status is regularly assessed against Box 2.3.

Recommendation 2.4 –The majority of the board of a listed entity should be independent directors.

The Company did not have a majority of independent directors during the year. As at 30 June 2018, and the date of this statement, one out of the three directors, Mr Hancock, is independent. The remaining directors have been deemed non-independent on the following bases - Mr Drew is involved in the day to day running of the Company and Mr Ellis is a substantial shareholder of the Company.

Whilst this is not in accordance with the Recommendation, the Board considers that its current composition is the most appropriate blend of skills and expertise relevant to the Company's business, size and operations. The Board is aware of the importance of independent judgement and considers independence, amongst other things, when new appointments to the Board are made.

Recommendation 2.5 – The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Mr Hancock, the Chairman of the Company is an independent, non-executive director. The role of the Managing Director and CEO is filled by Mr Drew, hence the Company complies with this Recommendation.

Recommendation 2.6 – A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board is responsible for Board member induction, and ongoing education and development. The Company's Policy on Independent Professional Advice empowers a director to undertake training or take independent professional advice at the expense of the Company.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 – A listed entity should:

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

The Company has established a formal code of conduct to guide the Board and Executives with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The code of conduct is disclosed on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1 – The board of a listed entity should:

a) have an audit committee which:
- **i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
- **ii) is chaired by an independent director, who is not the chair of the board, and disclose:**
- **iii) the charter of the committee;**
- **iv) the relevant qualifications and experience of the members of the committee; and**
- **v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has established a separate Audit Committee comprising two non-executive directors, being Mr. Hancock and Mr Ellis, and one executive director, Mr Drew (the Managing Director). Only Mr Hancock is independent. It is noted that all Audit Committee members have industry experience.

The Chair of the Audit Committee is Mr Chris Ellis, who is not independent but is not the Chair of the Board. The Company does not meet the recommendation of the Audit Committee having a majority of independent directors, nor is the Chair of the Committee an independent director. However, whilst this is not in accordance with the Recommendation, the Board considers that its current composition is the most appropriate blend of skills and expertise relevant to the Company's business, size and operations. The Board is aware of the importance of independent judgement and considers independence, amongst other things, when new appointments to the Board are made.

Details regarding the directors' qualifications and experience is contained in the Director's Report of the Company's 2018 Annual Report, with the Committee deemed to be structured so that it has the relevant accounting and financial expertise required to discharge its responsibilities.

The Committee met twice during the year and was on both occasions attended by Messrs Hancock, Drew and Ellis (full Board).

A copy of the Company's Audit Committee Charter is available on the Company's website.

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.

In respect of each statutory financial reporting period, the Company's Managing Director and CFO (or equivalent) provides the Board with a declaration in accordance with S.295A of the Corporations Act which is consistent with Recommendation 4.2. The Company complied with this recommendation.

Recommendation 4.3 – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Audit Committee Charter, which is available on the Company's website, states that the Audit Committee is to ensure that the external auditor is requested to attend the annual general meeting of the Company and is available to answer questions from shareholders.

HLB Mann Judd, the entity's external auditor, attended the 2017 AGM and will be attending the AGM this year, where they will be available to answer questions from security holders.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance. A copy of the Policy on ASX Listing Rule Compliance is available on the Company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

The Company's website contains a separate section titled "Corporate Governance" which contains all key Corporate Governance documents including the Board and committee charters, Code of Conduct and other policies and procedures. The website also provides:

- an overview of the entity's current projects;
- copies of its annual reports and financial statements;
- copies of its announcements to ASX.

Recommendation 6.2 - 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 which is publicly available on the Company's website, including the effective use of electronic communications.

Recommendation 6.3 – A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Board encourages the attendance of shareholders at the Shareholders' Meetings and sets the time and place of each Shareholders Meeting in advance to allow maximum opportunity for attendance by shareholders.

The Company provides information in the notice of meeting that is presented in a clear, concise and effective manner. Shareholders are provided the opportunity at general meetings to ask questions in relation to each resolution before they are put to the vote and discussion is encouraged by the Board.

Recommendation 6.4 – A listed entity should give shareholders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

The Company's share registry is maintained electronically by Advanced Share Registry Services Pty Ltd. Their contact details are disclosed in the Corporate Directory of the 2018 Annual Report as well as the Company's website.

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:
- **i) has at least three members, a majority of whom are independent directors; and**
- **ii) is chaired by an independent director;**

and disclose:
- **iii) the charter of the committee;**
- **iv) the members of the committee; and**
- **v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The full Board performs the function of the Risk Committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate risk committee.

The Board, and therefore the Risk Committee, comprises 3 members of which only 1 is independent. It is also chaired by the independent director.

The Board of Directors is responsible for overseeing and approving policies for the management and oversight of material business risks, internal compliance and internal controls. The objectives of AusQuest's risk management program are contained in the Risk Management Policy which is available on the Company's website. The Board has prepared a risk matrix and reviews this as a standing item at each board meeting to ensure it reflects the Company's current risk profile.

The Board met 4 times during the year and was on all occasions attended by Messrs Hancock, Drew and Ellis (full Board).

Recommendation 7.2 - The Board or a committee of the board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.

The Board reviews, at least annually, the Company's risk management framework. The risks identified are monitored on a continual basis and preventative measures are implemented as and when deemed necessary.

Recommendation 7.3 - A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluating the continually improving the effectiveness of its risk management and internal control processes.

The Company does not have an internal audit function. The Board recognises that no cost effective internal control system will preclude all errors and irregularities. The Company's risk management and internal control system is based upon written procedures, policies and guidelines, an organisational structure that provides an appropriate division of responsibility, and the selection and training of qualified service providers and personnel.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Details of the Company's policy on these matters are set out under the risk management policy which is publicly available on the Company's website.

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company has assessed its exposure to economic risks as high on the basis that it has no material income and is reliant on the potential exploration success to raise capital to fund exploration and operating costs. This risk is managed by regularly reviewing future cashflow requirements to ensure that fundraising is performed in a timely manner and that the Company remains in a position to pay its debts as and when they fall due. The Company has no material exposure to environmental or sustainability risks.

A copy of the Company's policies on risk oversight and management of material business risks is publicly available under the heading Risk Management Policy.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 - The board of a listed entity should:

a) Have a remuneration committee which:
- **i) has at least three members, a majority of whom are independent directors; 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 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 Board has established a Remuneration Committee comprising two non-executive directors, being Mr. Hancock and Mr Ellis, and one executive director, Mr Drew. Only Mr Hancock is independent, and acts as the chair of the Committee.

The Company does not meet the recommendation of the Remuneration Committee having a majority of independent directors. Whilst this is not in accordance with the Recommendation, the Board considers that its current composition is the most appropriate blend of skills and expertise relevant to the Company's business, size and operations. The Board is aware of the importance of independent judgement and considers independence, amongst other things, when new appointments to the Board are made.

The Committee met once during the year which was attended by Messrs Hancock, Drew and Ellis (full Board).

The Remuneration Committee Charter is publicly available on the Company's website.

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 structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives. The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company was as follows:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation where appropriate). During the financial year ending 30 June 2018 the non-executive directors waived all entitlements to their directors' fees. The non-executive directors further agreed to indefinitely waive all director fees in order to help reserve the Company's cash funds.

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

The level of remuneration packages and policies applicable to directors are detailed in the Remuneration Report which forms part of the Directors' Report to the 2018 Annual Report.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.

The Company has an equity-based remuneration scheme and also a Policy for Trading in Company Securities which are publicly available on the Company's website. Under the policy directors, officers and employees are prohibited from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Executives are also prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.