

# Corporate governance statement

This document discloses the extent to which Kidman Resources Limited ACN 143 526 096 (**Company**) has followed the recommendations set by the ASX Corporate Governance Council in the third edition of its Corporate Governance Principles and Recommendations (**ASX Recommendations**) during the relevant part of the reporting period.

This document is current as at 30 June 2016 and has been approved by the board of the Company.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1</b></p> <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Yes</p> <p>Yes</p>	<p>Refer Section A of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Yes</p> <p>Yes</p>	<p>Refer Section C of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>Information is included in The Company's Notice of Meetings to shareholders.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Yes</p>	<p>Refer Section A1 of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2016 Annual Report</p>
<p><b>Recommendation 1.4</b></p> <p>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.</p>	<p>Yes</p>	<p>Refer Section A4 of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION																				
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Not applicable</p>	<p>Refer to the Company's Diversity Policy for further detail which is located on the Company's website at the following link:  <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>Refer to the Company's Diversity Policy for further detail which is located on the Company's website at the following link:  <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>The proportion of women on the board, women in senior executive positions and women employees in the whole organisation as at reporting date was as follows:</p> <table border="1" data-bbox="1361 600 2007 823"> <thead> <tr> <th></th> <th></th> <th>Senior executive positions</th> <th>Whole organisation</th> </tr> </thead> <tbody> <tr> <td>Gender</td> <td>Board</td> <td></td> <td></td> </tr> <tr> <td>No. of men</td> <td>3</td> <td>2</td> <td>9</td> </tr> <tr> <td>No. of women</td> <td>0</td> <td>1</td> <td>2</td> </tr> <tr> <td>% women</td> <td>0%</td> <td>33%</td> <td>18%</td> </tr> </tbody> </table>			Senior executive positions	Whole organisation	Gender	Board			No. of men	3	2	9	No. of women	0	1	2	% women	0%	33%	18%
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<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p> <p>Yes</p>	<p>Refer Section C of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:  <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>No performance evaluation was undertaken during the period to June 2016. This review will be completed by in Q4 2016.</p>																				
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p> <p>Yes</p>	<p>Refer Section C of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:  <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>The Company will review the performance of the Managing Director at the 12 month anniversary of employment.</p>																				

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 2: Structure the board to add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(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</li> </ul> </li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>(i) No</p> <p>(ii) No</p> <p>(iii) Yes</p> <p>(iv) No</p> <p>(v) Yes</p> <p>(b) N/A</p>	<p>The Company has established a nomination committee which consists of two members who were independent non-executive directors. Due to the size of the Board and in order to maintain independence, the board has decided it isn't appropriate to include an executive Director on the committee in order to have 3 members.</p> <p>Refer Section C of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:  <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>Refer to 2016 Annual Report</p> <p>Refer to 2016 Annual Report</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Yes</p>	<p>The Board currently has a mix of technical and commercial skills. As the Company continues to grow, the board matrix will be reviewed and look to achieve a board board matrix setting.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p><b>Recommendation 2.3</b></p> <p><b>A listed entity should disclose:</b></p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</p> <p>(c) the length of service of each director.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Board consists of two non-executive independent directors being Peter Lester and Brad Evans.</p> <p>The Board considers each non-executive director to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of shares in the Company by each non-executive director and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that Peter Lester and Brad Evans are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of these Directors is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.</p> <p>The other Directors are currently considered by the Board to not be independent on the basis that they have also engaged in executive management roles.</p> <p>The lengths of service are as follows:</p> <ul style="list-style-type: none"> <li>• Peter Lester (since 13 November 2015)</li> <li>• Brad Evans (since 28 October 2014)</li> <li>• Martin Donohue (since 19 June 2014)</li> </ul>
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>Yes</p>	<p>As noted above in Recommendation 2.3, the Board is composed of two non-executive independent directors and one executive director.</p>
<p><b>Recommendation 2.5</b></p> <p>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.</p>	<p>Yes</p>	<p>The Chairman, Peter Lester is an independent Non-Executive Director, and is not the CEO/Managing Director.</p>
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	<p>Yes</p>	<p>Refer Section C of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>

<b>Principle 3: Act ethically and responsibly</b>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>Yes to all</p>	<p>Refer Section A of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<p><b>Recommendation 4.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>(a) Yes</p> <p>(i) No</p> <p>(ii) No</p> <p>(iii) Yes</p> <p>(iv) No</p> <p>(v) Yes</p> <p>(b) N/A</p>	<p>The Company has established an audit committee which previously consisted of two members who were independent non-executive directors. Subsequent to Mr Garrick Higgins resignation on 13 November 2015 the Board decided it wasn't appropriate to appoint a further member to the audit committee due to the size and composition of the Board.</p> <p>The Board currently carries out the roles and responsibilities of the audit committee, and will do so until the Board deems it appropriate to appoint further members to the audit committee.</p> <p>Refer Section B of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>Refer to 2016 Annual Report</p> <p>Refer to 2016 Annual Report</p>
<p><b>Recommendation 4.2</b></p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Yes</p>	<p>The Managing Director and Chief financial officer execute Section 295A declarations and submit to the Audit Committee and Board prior to approving the Annual Report.</p>

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<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	The Auditor attends the Company Annual General Meeting.
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes Yes	<p>Refer Section E16 of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>Refer to the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>Refer Section E16 of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	This is disclosed in the Company's Notice of Meetings when dispatched to Shareholders
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	This is implemented by the Company's Share Registry

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>(a) Yes</p> <p>(i) No</p> <p>(ii) No</p> <p>(iii) No</p> <p>(iv) No</p> <p>(v) Yes</p> <p>(b) N/A</p>	<p>The Company has established a risk committee which previously consisted of two members who were independent non-executive directors. Subsequent to Mr Garrick Higgins resignation on 13 November 2015 the Board decided it wasn't appropriate to appoint a further member to the risk committee due to the size and composition of the Board.</p> <p>The Board currently carries out the roles and responsibilities of the risk committee, and will do so until the Board deems it appropriate to appoint further members to the risk committee.</p> <p>Refer Section B of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link: <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>Refer to 2016 Annual Report</p> <p>Refer to 2016 Annual Report</p>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>Yes to all</p>	<p>The Company regularly undertake reviews of its risk management framework to establish an effective and efficient system for:</p> <p>(i) identifying, assessing, monitoring and managing risk; and</p> <p>(ii) disclosing any material change to the Group's risk profile.</p> <p>The Company intends to disclose the matters contemplated by ASX Recommendation 7.2 in future annual reports.</p> <p>For further detail refer to Section B of the Company's Corporate Governance Charter which is located on the Company's website at the following link: <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>

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<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>a. N/A</p> <p>b. Yes</p>	<p>The Company does not have an internal audit function. The Audit Committee directly oversees relevant risk areas as part of its risk management function.</p> <p>For further detail refer to Section B of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>The Company has in place a set of environmental policies and procedures in place relating to its mining operations. The Company details the environmental risks in the Directors Report in the 2016 Annual Report.</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>(a) Yes</p> <p>(i) No</p> <p>(ii) No</p> <p>(iii) Yes</p> <p>(iv) Yes</p> <p>(v) Yes</p> <p>b. N/A</p>	<p>The Company has established a remuneration committee which previously consisted of two members who were independent non-executive directors. Subsequent to Mr Garrick Higgins resignation on 13 November 2015 the Board decided it wasn't appropriate to appoint a further member to the remuneration committee due to the size and composition of the Board.</p> <p>The Board currently carries out the roles and responsibilities of the remuneration committee, and will do so until the Board deems it appropriate to appoint further members to the remuneration committee.</p> <p>Refer Section C of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link: <a href="http://kidmanresources.com.au/corporate/corporate-governance/">http://kidmanresources.com.au/corporate/corporate-governance/</a></p> <p>Refer to 2016 Annual Report</p>

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<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) and CEO is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.</p> <p>A copy of the latest Annual Report containing this disclosure can be accessed at: <a href="http://kidmanresources.com.au/category/company_reports/">http://kidmanresources.com.au/category/company_reports/</a></p>
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	N/A	The Company does not have an equity based remuneration scheme in place.