

Corporate Governance Statement

The directors of Gascoyne Resources Limited 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 Group assesses its governance practices on an ongoing basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the Group 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 Group, being Gascoyne Resources Ltd and its controlled entities.

The Group has a corporate governance section on the website at www.gascoyneresources.com.au. The section includes details on the Group's governance arrangements and copies of relevant policies and charters.

The Group complies with the Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles") where appropriate. For ease of comparison to the ASX Principles, this Corporate Governance Statement addresses each of the 8 principles in turn. Where the Group has not followed a recommendation this is identified in the table below, with the reasons for not following the recommendation explained under the relevant section below. This disclosure is made on 23 September 2016 in accordance with ASX listing rule 4.10.3, and has been approved by the board of directors.

ASX Recommendation	Description
1.5	The Group does not have a Diversity Policy
2.1	The Nomination Committee did not have a majority of independent directors and was not chaired by an independent director for the entire year
2.4	The board does not have a majority of independent directors
2.5	The Chair of the board was not an independent director for the entire year
4.1	The Audit Committee did not have a majority of independent directors for the entire year and was not chaired by an independent director.
8.1	The remuneration committee did not have a majority of independent directors and was not chaired by an independent director for the entire year.
8.3	The Group has an equity based remuneration scheme and does not have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The board operates in accordance with the principles set out in its Board Charter which is available from the corporate governance section of the Company's website.

Roles and Responsibilities

The Board Charter includes disclosure on the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.

Nomination of Directors

The Group undertakes appropriate checks before appointing a director or putting forward to security holders a candidate for election. The Group also provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Written Agreements

The Group has a written agreement with each director and senior executive setting out the terms and conditions of their appointment.

Company Secretary

The company secretary of the Group is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Diversity Policy

The Group does not comply with ASX Recommendation 1.5. The Group recognises the benefits arising from employee and board diversity, however, given the small size of the Group has not considered it practical to establish a diversity policy and has not set measurable objectives for achieving gender diversity, instead seeking to employ the best candidate for the role.

Gender Diversity Disclosures

	2015	
	No.	%
Women on the Board	0	0
Women in senior executive roles	1	20
Women employees in the Group	3	19

"Senior executive" has been defined in accordance with the definition of "Senior Manager" in the Corporations Act 2001 for the purpose of the table above.

Board Performance

The Chairman, with the guidance of the nomination and remuneration committee, reviews the performance of the board, its committees and individual directors each year to assist in a continuous improvement process to enhance the effectiveness of the board. A non-executive director reviews the performance of the Chairman, after having canvassed the views of the other directors. Performance evaluations were undertaken in the period under review in accordance with this process.

Senior Executive Performance

The Managing Director reviews the performance of senior executives each year. Performance during the previous 12 months is assessed against relevant performance indicators, and role expectations and goals are set for the following year. Performance evaluations were undertaken in the period under review in accordance with this process.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The board operates in accordance with the principles set out in its Board Charter which is available from the corporate governance section of the Group's website.

Nomination and Remuneration Committee

The board has a nomination and remuneration committee comprising three members. A copy of the Nomination and Remuneration Committee Charter is available from the corporate governance section of the Group's website.

The Group did not comply with ASX Recommendation 2.1 as the committee did not have a majority of independent directors and was not chaired by an independent director for the entire year. The board believes the committee is structured to act in the best interests of the Group as no individual or interest group is able to dominate decision making. The conflict of interest arising from Gordon Dunbar's relationship with the Managing Director is managed by him not being permitted to participate in any decision making in relation to the performance or remuneration of the Managing Director.

Committee Members	2016	
	No. meetings held	No. meetings attended
Rodney Michael Joyce (Chairman) – substantial shareholder ^(a)	2	2
Gordon Dunbar – Not Independent - related to the Managing Director	2	2
Graham Riley - Independent	2	2

(a) Mr Joyce ceased being a substantial shareholder during the current year and is therefore considered Independent subsequent to this change.

Board Skills Matrix

The Group is a mineral exploration entity that aims to create shareholder wealth from its mineral assets and identify new opportunities for further value add. The following table details the mix of skills that the board believes should be represented on the board.

Skill	Qualifications and attributes
Industry experience	The board seeks to have directors with mineral exploration, mine development and mine production experience, preferably with a qualification in geology or mine engineering.
Leadership experience	The board seeks to have directors who have previously held significant leadership positions such as CEO positions.
Finance experience	The board requires all directors to be financially literate and seeks to have some directors with legal, chartered accounting and corporate advisory qualifications and / or experience.
Listed company experience	The board requires all directors to be literate in governance and regulatory requirements of listed entities.

The board considers that its composition is well balanced and effective in meeting the needs of the Group. Board structure and composition will be reviewed as and when the Group's strategic directions and activities change. The Group will only recommend the appointment of additional directors to your board where it believes the expertise and value added outweighs the additional cost.

Independent Directors

The independence status of each director is detailed as follows:

- Rodney Joyce (Chairman), appointed as director 20 April 2011– not independent (substantial shareholder during the current year)
- Michael Dunbar (Managing Director), appointed as director 31 March 2011 – not independent (executive director)
- John den Dryver, appointed as director 25 September 2009 - Independent
- Gordon Dunbar, appointed as director 25 September 2009– not independent (related to the Managing Director)
- Stanley Macdonald, appointed director 20 April 2011– not independent (substantial shareholder)
- Graham Riley – Independent

The Chair of the board was not an independent director for the entire year as he was a Substantial Shareholder in Gascoyne Resources Ltd during part of the year. The board does not have a majority of independent directors but believes it is structured to act in the best interests of the Group and its security holders with no individual or interest group being able to dominate decision making. The board believes director and executive shareholdings assist in aligning the management's objectives with the interests of its shareholders.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

The board has adopted a Code of Business Conduct (**Code**) for its directors and employees. A copy of the Code is available from the corporate governance section of the Group's website and is made available to all employees of the Group.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The board operates in accordance with the principles set out in its Audit Committee Charter. A copy of the Audit Committee Charter is available from the corporate governance section of the Group's website.

Audit Committee

The board has an audit committee comprising three members. The committee did not have a majority of independent members for the entire year, and is not chaired by an independent director. The board believes the committee is structured to act in the best interests of the Group as all members are financially literate and have extensive experience as directors of listed entities.

Committee Members	2016	
	No. meetings held	No. meetings attended
Gordon Dunbar (Chairman), BSc (Hons), MSc, FAusIMM, FAIG – Not independent	3	3
Rodney Michael Joyce, BSc (Hons), MSc, MAusIMM – Not independent for the entire year ^(a)	3	3
Graham Riley, B.Juris LLB - Independent	3	3

(a) Mr Joyce ceased being a substantial shareholder during the current year and is therefore considered Independent subsequent to this change.

The Chief Executive Officer and Chief Financial Officer equivalents are required to provide the following certifications to the board each reporting period:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Company and Group, and are in accordance with relevant accounting standards; and
- That the reports were founded on a sound system of financial risk management and internal compliance and control.

The board invites the Group's external auditor to attend the AGM and invites questions for the auditors from shareholders relevant to the audit at the AGM.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Group has a Continuous Disclosure policy outlining procedures for compliance with ASX and corporations law continuous disclosure requirements. A copy of the policy is available from the corporate governance section of the Group's website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

The Group provides investors with information about its operations through a variety of mediums. The Group operates in accordance with its Shareholder Communication Policy which is available from the corporate governance section of the Group's website.

New security holders receive correspondence from the Group regarding shareholder preferences for Annual Report and other communications which are implemented as possible where cost effective. The Group's website provides opportunity for security holders to communicate with both the share registry and the Group electronically, and all price sensitive information is announced to investors through the Australian Securities Exchange's Announcement Platform.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Group does not have a separate Risk Management committee. The board believe there are no efficiencies in forming a separate committee at the present stage of the Group's operations, and the board as a whole performs this role in accordance with the Risk Management Committee Charter. A copy of the charter is available from the corporate governance section of the Group's website.

The board has reviewed the Group's risk management framework in the last 12 months. Following this review it was decided the risk management framework adopted be updated to AS/NZS ISO 31000:2009 which has superseded the framework that was previously used.

The Group does not have an internal audit function. Financial and operating risks are addressed through individual approved policies and procedures covering financial, contract administration, and safety and environmental activities of the Group. In addition to financial audits, the Group engages an insurance brokering firm as part of the Group's annual assessment of the coverage for insured assets and risks. The results of these reviews are reported to the board at least annually. The board believes that it has a thorough understanding of the Group's key risks and is managing them appropriately.

The integrity of the Groups' financial reporting relies upon a sound system of risk management and control. The Chief Executive Officer and Chief Financial Officer equivalents are required to develop policies and procedures to help safe guard the Group's assets and to ensure that the Financial Statements of the Group are not materially misstated and present fairly the Group's financial position and performance.

Accordingly, the Chief Executive Officer and Chief Financial Officer equivalents, to ensure management accountability, are required to provide a statement in writing to the board that the financial reports of the Group are based upon a sound risk management policy. The Group has a material exposure to financial, economic, environmental and social sustainability risks through its exploration activities. The Group mitigates these risks by ensuring that it has adequate funding to ensure that it is able to meeting its operating commitments and ensuring that it applies best practice procedures to ensure compliance with all relevant legal obligations. As the Group's activities progress towards the development stage, the Group will have a material exposure to a variety of additional risks. The board is aware of this change in risk profile as the Group's activities change over time and seeks to engage with security holders in accordance with its Shareholder Communication Policy and assesses all development opportunities with consideration to these additional risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The board operates in accordance with the principles set out in its Nomination and Remuneration Committee Charter which is available from the corporate governance section of the Group's website.

Nomination and Remuneration Committee

Details of the nomination and remuneration committee, its members and their attendance at meetings are detailed below.

Committee Members	2016	
	No. meetings held	No. meetings attended
Rodney Michael Joyce (Chairman) – substantial shareholder ^(a)	2	2
Gordon Dunbar – related to the Managing Director	2	2
Graham Riley - Independent	2	2

(a) Mr Joyce ceased being a substantial shareholder during the current year and is therefore considered Independent after this change.

The Group did not comply with ASX Recommendation 8.1 as the committee did not have a majority of independent directors and was not chaired by an independent director for the whole of the current year, however the chairman of the committee ceased being a substantial holder late in the year and the committee now complies with ASX Recommendation 8.1. The board believes the committee is structured to act in the best interests of the Group as no individual or small group is able to dominate decision making. The conflict of interest arising from Gordon Dunbar's relationship with the Managing Director is managed by him not being permitted to participate in any decision making in relation to the performance or remuneration of the Managing Director.

Equity Based Remuneration Schemes

The Group has an Employee Share Option Plan equity based remuneration scheme. It does not have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.