

METALICITY LIMITED
ACN 868 399 92
Corporate Governance Policies and Practices
May 2019

1.3 Corporate Governance Checklist

Chairman	Access to interview and discuss aspects of Corporate Governance.
Presentation of Corporate Governance Statement in Annual report	<ol style="list-style-type: none"> 1. Statement of Departures from Best Practice, during the reporting period (ASX Listing Rule 4.10) to be include in the Statement. 2. Ability to cross reference matters required in the corporate governance statement to that contained in the annual report, rather than repeating information. 3. Establish the form of presentation in the annual report and its link to the Directors Report. Recommend: Corporate Governance Statement, then Details on Directors, then the Directors' report. Include the table of Board and committee meeting in Corporate Governance Section. 4. Key Corporate Governance policies and practices are made available on the Company's web site.

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Functions of the Board are identified in the Board Charter.	<ul style="list-style-type: none"> • The Board Charter together with relevant guidelines are set-out in the Corporate Governance Principles & Practice Manual ("CGPP Manual"). Annexures <ul style="list-style-type: none"> - Fiduciary Duties, ASX and Statutory Duties; - Sample Board agenda; - Agreements to notice changes in relevant Interest to ASX; - Contacts lists; - Deed of Indemnity and Access; - Corporate calendar • Board & committee calendar to be developed • Review Standard Directors letter of appointment to ensure it clearly details the expectations of Directors. • Established formal job description for the Managing Director. 	4.1

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
2.1 A majority of the Board should be independent directors.	The Board has a majority of Independent Directors.	Statement of Board Independence is set out in the CGPP Manual.	4.5
2.2 The chairperson should be an independent Director.	The Chairman is an Independent Director		
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	Chairman and CEO are not the same person		
2.4 The Board should establish a nomination committee.	Nomination committee not implemented at this stage as scale and nature of activities does not warrant a separate committee	The need for a nomination committee is to be reviewed annually	
2.5 Provide the information indicated in <i>Guide to reporting on Principle 2</i> .		Policies and practices relating to the Board Charter and independence – is on the Company's website	

<p>3.1 Establish a code of conduct to guide the Directors, the chief executive officer (or equivalent), the chief executive officer (or equivalent) and any other key executives as to:</p> <p>3.1.1 the practices necessary to maintain confidence in the Company's integrity</p> <p>3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	The Company has a code of conduct for the Board and Employees in its Policies and Guidelines to be approved by the Board.	<p>Directors Code of conduct includes:</p> <ul style="list-style-type: none"> ➤ Duties; ➤ Conflicts of Interest; ➤ Use of Information; etc. <p>Employee Code of Conduct to be circulated to employees. The code includes:</p> <ul style="list-style-type: none"> ➤ Responsibilities, care diligence, honesty etc; ➤ Conflicts of Interest; ➤ Confidentiality; ➤ Fair Dealings; ➤ Share Trading; ➤ Company Property; ➤ Public Statements; ➤ Gifts etc; ➤ Breach of the Code 	<p>11.1</p> <p>11.2</p>
3.2 Disclose the policy concerning trading in Company securities by Directors, officers and employees.	Disclosed in the Policy on dealing in securities.	The policy is linked to Codes of Conduct.	12.1

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
3.3 Provide the information indicated in <i>Guide to reporting on Principle 3.</i>	Relevant policies are on the Company’s website.		
4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company’s financial reports present a true and fair view, in all material respect, of the Company’s financial condition and operational results and are in accordance with relevant accounting standards.	Effective 1/7/2004 the Corporations Act requires this certificate to be given.	Letters to be provided before sign-off of the Half-Yearly and Annual Report. Audit and Risk Committee to review and consider.	15.1
4.2 The Board should establish an audit committee.	An Audit and Risk Committee has been established and will meet at least twice a year.	The Audit and Risk Committee Charter includes: <ul style="list-style-type: none"> ➤ Composition; Terms of reference; Meetings, procedures; Relationships with Auditors; and Reporting ➤ Responsibilities, including external audit and internal audit processes; ➤ Risk Management aspects are linked back to Prospectus –“Risks and the Risk Management Policy”; ➤ Review the Compliance Managers role in the committee. 	6.1
4.3 Structure the audit committee so that it consists of: <ul style="list-style-type: none"> ● only non-executive Directors ● a majority of independent Directors ● an independent chairperson, who is not chairperson of the Board ● at least three members 	Audit Committee consists of: <ul style="list-style-type: none"> ● 3 non-executive directors ● The CFO is invited to committee meeting ● Chairman of the Audit Committee is Independent. 	The Committee operates under an approved Charter and has the input from the Company’s Auditors and the CFO.	
4.4 The audit committee should have a formal charter.	Audit Committee charter to be approved.	Audit Committee Charter set out in CGPP	6.1
4.5 Provide the information indicated in <i>Guide to reporting on Principle 4.</i>		Information is included on the Company’s web site.	

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
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5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Continuous Disclosure and Market Communications Policy drafted and to be adopted by the Board	Implementation and accountability resides with the Managing Director and Company Secretary.	13.1
5.2 Provide the information indicated in <i>Guide to reporting on Principle 5</i> .		Information is included on the Company's web site.	

6.1 Design and disclose a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings.	Communications strategies practice updated current draft	Consider communication of strategies to Shareholders, using website, electronic communications etc. Information included on the Company's web site.	14.1
6.2 Request the external auditor to attend the annual general meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	This is current practice.	Policy on external audit is included in CGPP manual.	10.1

7.1 The Board or appropriate Board committee should establish policies on risk oversight and management.	Risk Management policy implemented	Audit and Risk Committee has an objective to promote effective policies on risk oversight and management.	9.1
7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that: 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. 7.2.2 The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Refer 4.1 and 7.1	The integrity of the Company's financial reporting depends on the existence of a sound system of risk oversight and management and internal control. The requirement to make this statement may encourage management accountability in this area. As above.	

Best practice recommendations	Current Practices	Comments/Recommendations	Reference
7.3 Provide the information indicated in <i>Guide to reporting on Principles 7</i> .	Disclosed in the Corporate Governance Statement.	Risk management policy is included on the Company's web site.	
8.1 Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	The first evaluation to occur in June 2008.	Terms of reference for the Chairman and Managing Director Plan for identifying, assessing and enhancing Director competencies	8.2 4.7
9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) to costs and benefits of those policies (ii) the link between remuneration paid to Directors and key executives and corporate performance.	Remuneration Policies updated current draft.	Remuneration Policy is included in the CGPP manual. Remuneration of Executive Management, to be stated in Annual Report Transparency and a readily understandable framework for Directors and Executive remuneration are recommended. Shareholders (non-binding) vote to be put to members at each AGM.	7.2
9.2 The Board should establish a remuneration committee.	Remuneration Committee established	The requirement for a Remuneration Committee to be reviewed annually	7.1

<p>9.3 Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.</p>	<p>Remuneration Policy updated current draft.</p>	<p>Non-executive Directors remuneration is not specifically structured differently from executive remuneration</p> <p>Remuneration of Executive Management, to be stated in Annual Report.</p> <p>Transparency and a readily understandable framework for Directors and Executive remuneration is provided in the Corporate Governance Statement.</p>	<p>7.2</p>
<p>9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by Shareholders.</p>	<p>.</p>	<p>To be reviewed by the Board when necessary.</p>	
<p>9.5 Provide the information indicated in <i>Guide to reporting on Principle 9</i>.</p>	<p>Information disclosed in the Annual Report.</p>	<p>Information included on the Company's web site.</p>	
<p>10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.</p>	<p>Corporate Code of conduct is linked with Directors code of conduct</p>	<p>Board Code of Conduct to be approved.</p> <p>Information included on the Company's web site.</p>	<p>11.1</p>
<p>Website disclosures</p> <ul style="list-style-type: none"> ➤ Board Charter ➤ Audit & Risk Committee Charter; ➤ Nomination Committee Charter ➤ Remuneration Committee Charter; ➤ Summary of Directors Code of Conduct; ➤ Corporate Code of Conduct; ➤ Continuous Disclosure and Market Communications Policy; ➤ Communication to Shareholders Policy; 			