

**CORPORATE GOVERNANCE STATEMENT**

The Board of Carbine Tungsten Limited (“the Company” or “Carbine”) is responsible for ensuring good corporate governance and strives for high standards in this regard.

The Board monitors the business affairs of Carbine on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board draws on relevant best practice principles, with particular emphasis placed on the 3<sup>rd</sup> Edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council on 27 March 2014.

At a number of its meetings the Board examines and compares Carbine’s corporate governance practices to the best practice principles recommended by the ASX Corporate Governance Council. While Carbine is attempting to adhere to the principles proposed by the ASX, it is mindful that there may be some instances where compliance is not practical for a company of Carbine’s size.

The March 2014 ASX Corporate Governance Council publication “Corporate Governance Principles and Recommendations” 3<sup>rd</sup> Edition requires all listed companies to disclose the extent to which they have followed the recommendations, to identify any recommendations that have not been followed and disclose the reasons for not doing so. The Company’s Board of Directors have reviewed the recommendations and in many cases the Company is already achieving the required standards however in other cases the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company may determine not to meet the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a company of its size.

The Carbine Corporate Governance Committee, consisting of Roland Nice (Committee Chairman) and Andrew James (Jim) Morgan (Committee Member) meet as and when required, including prior to the finalisation of the Annual Report.

<b>Corporate Governance Committee</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Roland Nice	Non-Executive	Yes	Chairman	1	1
Andrew James (Jim) Morgan	Executive	No	Member	1	1

A summary of the Company’s Corporate Governance Plan has been prepared and included in the Corporate Governance section of Carbine’s website at [www.carbinetungsten.com.au](http://www.carbinetungsten.com.au).

The following paragraphs set out the Company’s position relative to each of the eight principles contained in the 3<sup>rd</sup> Edition of the ASX’s Corporate Governance Principles and Recommendations.

**PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT*****Recommendation 1.1 - Role of Board and Management***

The Constitution provides that the business of the Company is to be managed by or under the direction of the Board. The roles and responsibilities of the Board are disclosed on the Company’s website in the Corporate Governance landing page.

The Company has formalised and disclosed the functions reserved to the Board and those delegated to management and has processes in place for evaluating the performance of the Board and Senior Executives. However, as the Company has a small Board of three Directors (two Non-Executive Directors and a Managing Director) and a small team of staff, roles and functions have to be flexible to meet specific requirements.

A performance evaluation of the Board, its Committees, individual Directors and Senior Executives takes place at least once each reporting period.

The Board’s policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

**Responsibilities of the Board of Carbine Tungsten Limited**

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- (a) Appointment of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- (b) Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management’s performance;
- (c) Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

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- (d) Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- (e) Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- (f) Approving the annual, half-yearly and quarterly accounts as required;
- (g) Approving significant changes to the organisational structure;
- (h) Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- (i) Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- (j) Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and
- (k) Meeting with the external auditor, at their request, without management being present.

Responsibility for management of the Company's business activities is delegated to the Managing Director, who is accountable to the Board. This responsibility and authority is subject to a delegation of authority. Matters beyond the scope of the delegation of authority require Board approval. The delegation of authority is reviewed regularly.

## **Responsibilities of Management**

The key responsibilities of management are to:

- Contribute ideas for the growth and strategy of the Company;
- Assume and exercise the powers and perform the duties from time to time vested in management by the Board;
- Implement the decisions and strategies as determined by the Board;
- Manage the day to day activities of the Company;
- Develop corporate strategy performance objectives, budgets, financial plans and proposals for major projects for consideration and approval by the Board;
- Manage the financial and investment decisions of the Company;
- Lead negotiations in relation to material transactions;
- Manage staff recruitment, deployment and dismissals;
- Manage investor relations and represent the Company in the community and with the government; and
- Protect the assets of the Company.

## ***Recommendation 1.2 - Director Checks***

The Company has a policy in place whereby full checks are performed on all potential Directors. These include a check on a person's character, experience, education, criminal record and bankruptcy history. All potential Directors are required to provide consent for the Company to perform such checks. Since this policy has been adopted no new Directors have been appointed to the Board.

Directors' biographical details, including their relevant qualifications and experience and the skills they bring to the Board are detailed on the Company's website and are also contained within the Annual Report. Details of any other material directorships currently held are also provided on the Company's website and within the Annual Report.

## ***Recommendation 1.3 - Written Agreement with each Director and Senior Executive***

The Company has written agreements in place with each of its Directors and Senior Executives setting out the terms and conditions of their appointment. Furthermore, security holders are provided with all material information prior to the election of a Director to enable them to make a fully informed decision as to whether to elect or not to elect a particular Director.

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## **Recommendation 1.4 - Company Secretary**

The Company's existing organisational structure also ensures that the Company Secretary, Mr David Clark, is directly accountable to the Board, through the Non-executive Chairman, on all matters to do with the proper functioning of the Board and adherence to corporate governance best practices. This arrangement has also been formalised in a services contract. Details of the Company Secretary are set out in the Annual Report.

## **Recommendation 1.5 - Diversity Policy**

The Company recognises its talented and diverse workforce as a key competitive advantage and believes in treating all people with dignity and respect. Carbine strives to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the Company, regardless of their differences. It is committed to employing the best people to do the best job possible irrespective of ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking styles, experience and education.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent.

<b>2015-2016</b>	<b>Total</b>	<b>No. of Men</b>	<b>% Men</b>	<b>No. of Women</b>	<b>% Women</b>
Board <sup>1</sup>	3	3	100%	-	0%
Management <sup>2</sup>	1	1	100%	-	0%
Employees <sup>3</sup>	2	1	50%	1	50%
<b>TOTAL</b>	<b>6</b>	<b>5</b>	<b>83%</b>	<b>1</b>	<b>17%</b>

<b>2014-2015</b>	<b>Total</b>	<b>No. of Men</b>	<b>% Men</b>	<b>No. of Women</b>	<b>% Women</b>
Board <sup>1</sup>	3	3	100%	-	0%
Management <sup>2</sup>	2	2	100%	-	0%
Employees <sup>3</sup>	4	2	50%	2	50%
<b>TOTAL</b>	<b>9</b>	<b>7</b>	<b>78%</b>	<b>2</b>	<b>22%</b>

<sup>1</sup> Including Managing Director/CEO

<sup>2</sup> Management is defined as those employees who are key management personnel but not Board members

<sup>3</sup> Excluding Managing Director/CEO and Management

## **Recommendation 1.6 - Board Performance Assessment**

Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of Board evaluation is to identify ways to improve performance. The role of the Nomination Committee is to review Board composition, undertake Board succession planning and evaluate the performance of the Board, its Committees and Directors.

The Nomination Committee consisting of Russell Krause (Committee Chairman) and Roland Nice (Committee Member) is responsible for developing a process for evaluating the performance of the Board as a whole. This evaluation is carried out internally and involves applying best practice criteria to the Board's responsibilities. The evaluation also takes into consideration benchmarking of progress towards goals set out in the Company's business plan and regular assessment of results compared with budgets and forecasts. Evaluations also consider the effectiveness of Board member interaction and the contributions made by individual Directors.

The Nomination Committee conducted a performance evaluation of the Board, its Committees and Directors during the 2016 financial year. This evaluation was undertaken in accordance with the process disclosed above.

## **Recommendation 1.7 - Performance Evaluation of Senior Executives**

The process for evaluating the performance of Senior Executives (including the Managing Director) is summarised in the Remuneration Report contained within the Directors' Report in each of the Company's Annual Reports. Annual performance reviews for the 2016 financial year have been undertaken in accordance with this process.

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## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

The Constitution of the Company provides for a minimum of three (3) Directors and a maximum of nine (9) Directors. The Board currently comprises of two Independent Non-executive Directors (including an Independent Chairman) and one Executive Director.

The Board has the ability under the Company's Constitution to delegate its powers and responsibilities to committees of the Board.

The Board has the following four committees to assist with the discharge of its responsibilities:

- Nomination Committee;
- Audit & Risk Committee;
- Remuneration Committee; and
- Corporate Governance Committee.

Details of these Committees are set out in this statement.

### ***Recommendation 2.1 - Nomination Committee***

The role of the Nomination Committee is to review Board composition, undertake Board succession planning and evaluate the performance of the Board, its Committees and Directors.

The Committee is comprised of two members who are Independent Directors. The Nomination Committee is chaired by Russell Krause, the Independent Non-executive Chairman of the Company.

<b>Nomination Committee</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Russell Krause	Non-Executive	Yes	Chairman	1	1
Roland Nice	Non-Executive	Yes	Member	1	1

## **NOMINATION POLICY**

### ***Appointment of Non-executive Directors***

Directors are appointed under the terms of the Company's Constitution.

The number of Directors allowed under the Constitution is a minimum of three (3) and a maximum of nine (9). A Director may be elected by ordinary resolution of the Company in General Meeting. In the situation of a vacancy occurring between such elections the Board may appoint a replacement Director. Such a Director will only hold office until the next General Meeting of the Company.

### ***Skills Required on the Board***

The Board shall contain the relevant blend of expertise in the:

- Corporate Finance;
- Corporate Governance;
- Strategic Leadership;
- Mineral resources industry;
- Risk Management; and
- External Engagement.

### ***Rotation of Non-executive Directors***

As contained in the Company's Constitution, a Director may be elected for a maximum term of three (3) years. To ensure a gradual and controlled movement of Directors, the longest serving one-third of all Directors (rounded down to the nearest whole number) is expected to retire at each Annual General Meeting ("AGM"), but shall be eligible for re-election.

### ***Independent Advice***

Directors may obtain independent expert advice to enable them to fulfil their obligations at the expense of the Company after obtaining approval from the Chairman.

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## Recommendation 2.2 - Board Skills Matrix

Following the release of the 3<sup>rd</sup> Edition of the ASX Corporate Governance Principles and Recommendations in March 2014, the Company has put into place a process to assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership by utilising a Board Skills Matrix. The Board Skills Matrix will be reviewed by the Board annually.

### Director Skills, Experience and Expertise

Carbine's Board Skills Matrix sets out the mix of skills, experience and expertise that the Board currently has and is looking to achieve for Board membership. As well as general skills expected for Board membership (such as executive leadership and management experience, financial acumen, corporate governance and risk management experience), the matrix reflects various areas relevant to the Company's strategy. In particular, these areas are resource industry experience, European, Chinese and Japanese negotiation experience, business development skills, debt and capital market experience and production experience. Each of these areas is currently represented by the Board collectively. The Board benefits from a combination of the Directors' individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

The following table sets out the key skills and experience of the Directors and the extent to which they are represented on the Board and its committees:

BOARD SKILLS MATRIX							
			Board and Committee Structure				
			Board	Audit and Risk	Corporate Governance	Remuneration	Nomination
Total Directors			3	2	2	2	2
Skills Matrix	Key Area	Competencies	Does the committee collectively have the identified competencies? Yes or No				
<b>Experience and Competencies</b>	Corporate Finance	<ul style="list-style-type: none"> <li>Financial acumen</li> <li>Financial reporting and regulations</li> <li>Capital raising</li> <li>Debt financing</li> <li>Mergers, acquisitions and de-mergers</li> </ul>	Yes	Yes	Yes	Yes	Yes
	Corporate Governance	<ul style="list-style-type: none"> <li>Corporate legislation and statutory requirements</li> </ul>	Yes	Yes	Yes	Yes	Yes
	Strategic Leadership	<ul style="list-style-type: none"> <li>Measure Executive/KMP performance</li> <li>Remuneration</li> <li>Organisational culture</li> <li>Executive/KMP development and succession planning</li> <li>Sustainability</li> </ul>	Yes	Yes	Yes	Yes	Yes
	Mineral resources industry	<ul style="list-style-type: none"> <li>Operations</li> <li>Asset optimisation</li> <li>Capital projects and infrastructure</li> </ul>	Yes	Yes	Yes	Yes	Yes
	Risk Management	<ul style="list-style-type: none"> <li>Safety</li> <li>Environment</li> <li>Community</li> </ul>	Yes	Yes	Yes	Yes	Yes
	External Engagement	<ul style="list-style-type: none"> <li>Business Development</li> <li>Marketing</li> <li>Relationship management - community, regulators, business, government</li> </ul>	Yes	Yes	Yes	Yes	Yes
<b>Professional Qualifications</b>	<ul style="list-style-type: none"> <li>Finance; and/or</li> <li>Business and Economics; and/or</li> <li>Technical; and/or</li> <li>Legal</li> </ul>		Yes	Yes	Yes	Yes	Yes

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The Board considers that, collectively, the current Directors possess an appropriate mix of skills, experience, expertise and knowledge to enable the Board to discharge its responsibilities, deliver the Company's corporate objectives and direct the Company in accordance with high standards of corporate governance.

## ***Recommendation 2.3 - Directors' Independence***

An Independent Director is defined in the Recommendations as a Director that is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

Below is a table setting out the date each Director was appointed and their status as a Non-executive, Executive or Independent Director.

<b>Directors</b>	<b>First Appointed</b>	<b>Capacity</b>	<b>Independent</b>
Russell H. Krause	30 June 2013	Non-Executive	Yes
Andrew J. Morgan	2 April 2012	Executive	No
Roland W. Nice	30 June 2013	Non-Executive	Yes

## ***Recommendation 2.4 - Majority of Directors Independent***

The best practice recommendation is for a majority of Directors (and in particular, the Chairperson) to be independent. Two-thirds (2/3) of the Board of the Company are Independent Directors. All Non-executive Directors (including the Chairman) are independent.

## ***Recommendation 2.5 - Chairman and Chief Executive Officer / Managing Director***

The Company has at all times maintained a separation between the Chairman and Chief Executive Officer roles. The day to day management of the Company is overseen by the Managing Director and the Chief Executive Officer, Andrew James (Jim) Morgan whilst the Chairman of the Board is Independent Director, Russell Krause.

## ***Recommendation 2.6 - Company Induction and Professional Development of Directors***

The Company has a program for the induction of new Directors. This induction covers all aspects of the Company's operations so as to ensure that new Directors are able to fulfil their responsibilities and contribute to Board decisions.

The Company provides appropriate resources for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors, including briefing Directors on developments in relevant accounting standards.

The Company does not currently provide professional development opportunities for Directors however it regularly reviews whether the Directors as a group have the skills and knowledge to adequately discharge their duties and if gaps are identified it is the responsibility of the individual Director to address the identified skills gap.

## **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

### ***Recommendation 3.1 - Code of Conduct***

The Company aims to build and maintain a reputation for integrity. A formal Code of Conduct has been developed to ensure that the Company's Board and Senior Executives foster and maintain a culture that promotes ethical and responsible interactions between the Company and its various stakeholders, striving at all times to enhance the reputation and performance of the Company.

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The Code of Conduct is based on the following principles:

- Respect for the law and acting accordingly;
- Maintaining stringent financial controls;
- Avoiding conflicts of interest;
- Protecting the best interests of shareholders;
- Using the Company's assets responsibly and in the Company's best interests;
- Acting with integrity, being fair and honest in dealings and treating other people with dignity; and
- Being responsible for actions and accountable for the consequences.

Directors and employees have a responsibility to report any suspected non-compliance with the Code of Conduct. There were no instances reported to the Board during the reporting period where the conduct of a Director or employee of the Company was found to be in breach of the Code of Conduct.

The Company is committed to conducting its business fairly, honourably, with integrity and in compliance with the law in all jurisdictions where it operates, including all applicable anti-corruption and bribery laws.

The Company has also adopted the following policy governing the trading of its securities by Directors, Senior Executives, employees and significant consultants:

### *Securities Trading and Trading Windows*

Directors, employees and key consultants must consult with the Chairman of the Board or the Managing Director before dealing in shares of the Company. Purchases or sales in the Company's shares by Directors, employees and key consultants may not be carried out in a closed period, but only in the "window", being the period commencing two (2) weeks prior to, and twenty-four (24) hours after the release of the Company's Annual Financial Report; two (2) weeks prior to, and twenty-four (24) hours after the release of the Half-Year Financial Report of the Company; and one (1) week prior to, and twenty-four (24) hours after the release of the Company's quarterly reports, or two (2) days subsequent to a major announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling the Company's shares at any time if they are aware of price-sensitive information that has not been made public.

## **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### ***Recommendation 4.1 - Audit and Risk Committee***

The Company's financial statements are currently prepared by the Chief Financial Officer who confirms to the Audit Committee in writing that the Company's financial reports represent a true and fair view, in all material respects, of the Company's financial condition and that its operational results are in accordance with relevant accounting standards.

The Chief Executive Officer and Managing Director also reviews and approves the financial statements before they are submitted to the Audit Committee and meets with and confirms this in writing to the Board. The Audit Committee currently meets twice each reporting period.

The Audit and Risk Committee consists of two Independent Non-Executive Directors being Roland Nice (Committee Chairman) and Russell Krause (Committee Member) as set out below:

<b>Audit and Risk Committee</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Roland Nice	Non-Executive	Yes	Chairman	2	2
Russell Krause	Non-Executive	Yes	Member	2	2

These Directors have applicable expertise and skills and are suitably qualified for this Committee. The Audit and Risk Committee reports to the Board after each Committee Meeting. In conjunction with the full Board, the Audit and Risk Committee meets with and reviews the performance of the external auditors, including scope and quality of work.

The Charter of the Audit and Risk Committee is disclosed on the Company's website in the Corporate Governance landing page.

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## ***Recommendation 4.2 - Declarations from the CEO and CFO***

The Chief Executive Officer and Managing Director (“CEO”) and the Chief Financial Officer (“CFO”) are required to make a declaration in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the Company have been properly maintained and that the Company’s financial reports comply with the appropriate accounting standards and present a true and fair view of the Company’s financial position and performance. The above declarations were provided to the Board prior to the adoption of the Company’s 2016 financial statements.

The CEO and the CFO have also stated in writing to the Board that in their opinion the financial statements are founded on a sound system of risk management and internal control which is operating effectively.

## ***Recommendation 4.3 - External Auditors***

The Company also ensures that the external auditor of the Company is available, via telephone, at each AGM to allow shareholders to ask questions about the conduct of the audit, the preparation and content of the Auditor’s Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

### ***Recommendation 5.1 - Continuous Disclosure Policy***

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company’s securities takes place in an efficient, competitive and informed market.

The Company, its Directors and Senior Executives are very aware of the ASX’s continuous disclosure requirements and ensures that all price sensitive information is identified, reviewed and disclosed to the ASX in a timely manner and that all information provided to the ASX is immediately available to shareholders and the market on the Company’s website.

In summary the Company will immediately notify the ASX of information:-

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company’s securities; and
- That would, or would likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company’s securities.

Analyst and press briefings are often conducted following the release of half-year results, full-year results and major announcements and, from time to time, briefings with major shareholders are conducted in order to promote a better understanding of the Company. In conducting such briefings, the Company takes care to ensure that any price sensitive information included in the content of the briefings has already been made available to all shareholders and the market.

All announcements require the approval of each Director, prior to its release to the ASX, to ensure that all disclosures are factual, complete and balanced thus allowing investors and shareholders to make fully informed investment decisions.

Carbine uses strong informal systems underpinned by experienced individuals and maintains a register of all matters considered for possible market disclosure.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

### ***Recommendation 6.1 – Website Information***

The Company provides information about itself and its governance to investors via its website and has a “Corporate Governance” landing page where all relevant corporate governance information can be accessed.

The Company’s Constitution, Committees and relevant Corporate Governance Policies are listed on the Corporate Governance landing page on its website.

The Company’s website also includes copies of its Annual Reports and financial statements, ASX announcements, Notice of Meetings as well as an overview of the Company’s business activities in appropriate areas of the website.

All other significant information disclosed to the ASX, including analyst’s briefings, are posted on the Company’s website as soon as practical after its release to the market.

Procedures have also been established for reviewing whether any price-sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

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## ***Recommendation 6.2 - Investor Relations Program***

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company.

The Company is committed to keeping shareholders fully informed of significant developments involving the Company's affairs. In addition to the Company's announcements of its financial statements and periodic reporting, the Company also provides regular communication on significant operational matters.

The Company has an established investor relations program, designed to facilitate effective communication between the Company and investors. The Company actively engages with shareholders, meeting them on request and responding to any enquires that they make from time to time. In addition, there is a detailed program of scheduled and ad hoc interactions with institutional investors, private investors, buy-side and sell-side analysts and the financial media.

The Company's investor relations program works in tandem with its obligations under the ASX's continuous disclosure requirements which are described in detail above. The Company also provides security holders with the option to electronically communicate with itself and its security registry.

## ***Recommendation 6.3 - Participation at Shareholders' Meetings***

The Company has policies and procedures in place which enable shareholders to receive the reports and participate in shareholder meetings by attendance or by written communication. The Board seeks to provide all relevant information to shareholders to ensure they are fully informed prior to voting at an AGM. Shareholders can make an election to receive a copy of the Company's Annual Report by mail, otherwise the Annual Report is available on the Company's website.

Shareholders are encouraged at AGM's to ask questions of Directors and Senior Executives as well as the Company's external auditors who are required to be in attendance. Shareholders are also given the opportunity to provide questions or comments ahead of the AGM, with a response being provided at the AGM where appropriate.

Whilst the Company does not have a communications strategy to promote effective communication with shareholders, as it believes this is excessive for small companies, the Company does communicate regularly with shareholders.

The Company external auditor, BDO Audit (NTH QLD) Pty Ltd, also attends general meetings via telephone.

## ***Recommendation 6.4 - Electronic Communication***

The Company has the capability to communicate with shareholders electronically through its website, email communications and share registry. Electronic contact details are provided on the Company's website.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### ***Recommendation 7.1 Risk Committee***

The Board and the Audit and Risk Committee oversee the Company's risk profile and identify material business risks. The Charter of the Audit and Risk Committee is disclosed on the Company's website in the Corporate Governance landing page. The financial position of the Company and matters of risk are considered by the Board on a regular basis. The Board is responsible for ensuring that controls and procedures to identify, analyse, assess, prioritise, monitor and manage risk are in place and are being maintained and adhered to.

The Audit and Risk Committee consists of two Independent Non-Executive Directors being Roland Nice (Committee Chairman) and Russell Krause (Committee Member) as set out below:

<b>Audit and Risk Committee</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Roland Nice	Non-Executive	Yes	Chairman	2	2
Russell Krause	Non-Executive	Yes	Member	2	2

The Chief Executive Officer and Managing Director is accountable to the Board, through the Audit and Risk Committee, for the implementation of the risk management process and is ultimately responsible for the management of risks in the business.

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The Chief Financial Officer and Chief Executive Officer have stated in writing to the Board that:

- 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.
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company regularly reviews its formal policies on risk oversight and management of material business risks which are actively considered at all times in conducting the Company's activities. The Company also maintains a Risk Register.

## ***Recommendation 7.2 - Annual Risk Review***

Risk management requires Senior Executives to design and implement risk management processes and systems to identify and manage material business risks and report to the Board on whether those risks are being managed effectively.

The Board maintains policies and practices designed to identify and manage significant business risks, including:

- Regular budgeting and financial reporting;
- Procedures/controls to manage financial exposures and operational risks;
- Procedures/controls to manage environmental and occupational health and safety matters;
- The Company's business plan;
- Corporate strategy guidelines and procedures to review and approve the Company's strategic plans;
- Reviewing APT ("Ammonium Paratungstate") price and currency hedging strategies and policy where applicable;
- Insurance and risk management programs which are reviewed by the Board;
- Prudential limitations procedures, which include Board approval for commitments or expenditures exceeding prescribed amounts; and
- Board approval to open bank accounts or incorporate any subsidiary.

The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company. Risk factors are an agenda item for each Board Meeting and Senior Executives are required to periodically report to the Board in writing on risk management and internal controls. The Company has an Occupational Health and Safety Policy with which all of the Company's staff, contractors and consultants must comply.

The risk management framework is reviewed at least annually by the Audit and Risk Committee and has been reviewed for the year ended 30 June 2016. The risk management policy is disclosed as part of the Corporate Governance Plan located on the Company's website.

## ***Recommendation 7.3 - Internal Audit***

The Company does not have a formal internal audit function. The Audit and Risk Committee monitors the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations.

The Company's Senior Executive periodically undertakes an internal review of financial systems and processes. The Audit and Risk Committee also reviews the Company's corporate risks, financial systems, accounting policies, half-year and annual financial statements and monitors the implementation of system improvements.

## ***Recommendation 7.4 - Sustainability Risks***

The Company values economic, environmental and social sustainability within the areas in which it operates. In order to mitigate any material exposure to economic, environmental and social sustainability risks, the Board, assisted by the Audit and Risk Committee, has oversight of risk management and meet regularly to review and assess risks.

During the 2016 financial year, the Company identified and addressed the following as material risks relating to economic, environmental and social sustainability:

- The Company updated its corporate governance practices and policies which apply to the Board and the Company's business practices. In addition to corporate governance policies, the Company has in place specific policies and procedures to prevent bribery and corruption and manage the giving and receiving of gifts and entertainment.
- The Company is exposed to commodity price risk. APT price volatility is affected by many factors beyond the control of the Company. This risk arises from its activities directed at exploration and mining development of mineral commodities. If commodity prices fall, the market for companies exploring and/or mining these commodities is affected. The Company does not currently hedge its exposures. To mitigate, the Company actively monitors APT price movements and such exposure to ensure that it is managed within risk tolerance and finance facilities.

# **CORPORATE GOVERNANCE STATEMENT**

- The Company is exposed to currency conversion fluctuations in United States dollars and Australian dollars which are affected by many factors beyond the Company's control. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company's foreign currency transactions are not significant at this stage, but will be reviewed as mining operations increase. There is no hedging currently in place for foreign exchange risk. To mitigate, the Company actively monitors currency exchange fluctuations and such exposure to ensure that it is managed within risk tolerance and finance facilities.
- The Company is committed to maintaining a high standard of health, safety, environmental management and reporting as well as conducting its business in a manner that prevents injury or illness to employees, contractors and the community. The Company has policies, processes and procedures in place to mitigate such risk. Regular training sessions and emergency exercises are conducted to ensure staff are prepared in the event of an incident.
- The Company's project is subject to the risks associated with economic, social or political change. The Company monitors these ongoing risks along with government and community relations. In addition, the Company endeavours to participate with a view to positively affecting the people, communities and environments in which it operates.

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

### ***Recommendation 8.1 - Remuneration Committee***

The Board has established a Remuneration Committee comprising of two members who are Independent Non-executive Directors being Russell Krause (Committee Chairman) and Roland Nice (Committee Member) who meet as and when required to review performance matters and remuneration. The Remuneration Committee Charter is on the Company's website.

<b>Remuneration Committee</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Russell Krause	Non-Executive	Yes	Chairman	1	1
Roland Nice	Non-Executive	Yes	Member	1	1

### ***Recommendation 8.2 - Disclosure of Remuneration Policies and Practices***

#### *Remuneration Committee Charter*

The Remuneration Committee Charter is disclosed as part of the Corporate Governance Plan located on the Company's website.

The purpose of the Remuneration Committee is to assist the Board to ensure that proper controls apply in the remuneration of Directors, Senior Executives and employees. The Remuneration Committee operates principally in a review and/or advisory capacity.

The Remuneration Committee's role is to review and recommend remuneration for Directors, Senior Executives and employees, review remuneration policies and practices, Company incentive schemes and superannuation arrangements. An evaluation of the performance of Non-executive Directors, Executive Directors, Senior Executives and employees takes place at least once during each reporting period.

The Directors work closely with management and have full access to all the Company's files and records. Directors believe that the size of the Company makes individual salary and consultant negotiations more appropriate than formal remuneration policies.

#### *Membership of the Committee*

It is the Board's intention that the Committee comprise at least two members and that one of the Committee members be an Independent Non-executive Director; and that

- A quorum for a meeting of the Committee is two members;
- A decision is made by the Committee if it is unanimously supported by members who are present at the meeting;
- It is intended that the Chairman of the Committee be the Chairman of the Board; and
- The Managing Director, Senior Executives and members of management may attend meetings of the Committee by invitation.

#### *Administrative Matters*

It is intended that the Committee will normally meet annually or as otherwise required. The Committee may, upon notifying the Board or the Chairman of the Board:

- Seek advice of the Company's auditors and solicitors; and
- Engage or procure the engagement of independent advisers, as determined by the Committee.

# **CORPORATE GOVERNANCE STATEMENT**

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The Committee considers independent advice, where circumstances require, on the appropriateness of remuneration to ensure the Company attracts, motivates and retains high quality people. In accordance with the Corporations Act, the Company discloses the fees or salaries paid to all Directors, plus its highest paid officers.

All Minutes of the Committee will be entered into a Minute Book maintained for that purpose and will be open at all times for inspection by any Director.

## *Reporting*

It is intended that a report on the actions of the Committee and/or a copy of the Minutes of the Committee Meetings will be included in the papers for the Board Meeting next following a meeting of the Committee.

The Committee Chair will, if requested, provide a brief oral report to the Board as to any material matters arising out of the Committee meeting. All Directors may, within a Board Meeting, request information of members of the Committee.

The ASX Listing Rules and the Company's Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-executive Directors be approved by the shareholders at the General Meeting. In proposing the maximum amount for consideration by shareholders, and in determining allocation, the Remuneration Committee takes account of the time demands made on Directors and such factors as fees paid to Non-executive Directors in comparable Australian companies.

Details of the remuneration policies and framework of the Company and the remuneration paid to Directors (Executive and Non-executive) and Senior Executives are set out in the Directors' Report contained in the Company's 2016 Annual Report. Shareholders will be invited to consider and approve the Remuneration Report at the 2016 AGM.

## *Responsibilities and Functions*

### *Remuneration*

The role of the Remuneration Committee is to advise the Board on matters relating to the remuneration of Directors, Senior Executives and employees of the Company.

### *Managing Director Evaluation*

The Managing Director is the key employee of the Company in general and of the Board in particular. As such, a special relationship exists between the Managing Director and the Board. A detailed Managing Director evaluation is undertaken annually by the Remuneration Committee, with the process co-ordinated by the Chairman.

Managing Director evaluations will utilise both quantitative and qualitative measures. Evaluation will be judged against the approved Strategic Plan. The Chairman of the Remuneration Committee will provide a brief report to the full Board after discussion with the Managing Director. However, the performance of the Managing Director is a matter for full Board deliberation.

## **Recommendation 8.3 - Policy on Equity Based Remuneration Scheme**

### *Securities Trading and Trading Windows*

The Company has an equity-based remuneration scheme which was approved by shareholders at the AGM held on 24 November 2015.

The Company also has a "Dealing in Securities Policy" which applies to all Directors, Senior Executives, employees and key consultants of the Company. This Policy provides a brief summary of the law on insider trading and other relevant laws and establishes a best practice procedure relating to dealing in securities that provides protection to both Carbine and its personnel against the misuse of unpublished information which could materially affect the value of its securities.

Directors, Senior Executives, employees and key consultants must consult with the Chairman of the Board or the Managing Director before dealing in the Company's shares. Purchases or sales in the Company's shares by Directors, Senior Executives, employees and key consultants may not be carried out other than in the "window", being the period commencing two (2) weeks prior to, and twenty-four (24) hours after the release of the Company's Annual Financial Report; two (2) weeks prior to, and twenty-four (24) hours after the release of the Half-Year Financial Report of the Company; and one (1) week prior to, and twenty-four (24) hours after the release of the Company's quarterly reports, or two (2) days subsequent to a major announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling the Company's shares at any time if they are aware of price-sensitive information that has not been made public.

In accordance with the Corporations Act, Company personnel are prohibited from hedging Company securities prior to the vesting of those securities or while those securities are subject to a holding lock or restriction on dealing under the terms of an employee incentive plan operated by the Company. This prohibition is contained in the "Trading Policy", a copy of which is available on the Company's website.

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## **ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS (THIRD EDITION) CHECKLIST**

The Corporate Governance Statement was approved by the Board and is current as at 30 September 2016. The table below contains each of the ASX Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition and denotes whether the Company has complied with the relevant Recommendation. Further detail is also contained in the Appendix 4G – Key to Disclosures – Corporate Governance Council Principles and Recommendations, released to the ASX at the same time as the 2016 Annual Report.

<b>ASX Corporate Governance Council Recommendations (3<sup>rd</sup> Edition)</b>	<b>Completed</b>	<b>Comment</b>
<b>Principle 1 – Lay Solid Foundations for Management and Oversight</b>		
1.1 A listed entity should disclose:		
(a) the respective roles and responsibilities of its board and management; and	Yes	Refer to Schedule 1 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(b) those matters expressly reserved to the board and those delegated to management.	Yes	
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	Yes	Refer to Schedule 1 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(a) 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.	Yes	
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2016 Annual Report.
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.	Yes	Refer to Schedule 1 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>

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ASX Corporate Governance Council Recommendations (3 <sup>rd</sup> Edition)	Completed	Comment
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;	Yes	Refer to Schedule 10 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corgov">http://www.carbinetungsten.com.au/corgov</a>
(b) disclose the policy or a summary of it;	Yes	
(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:	Yes	Refer to Schedule 10 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corgov">http://www.carbinetungsten.com.au/corgov</a>
(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)	Yes	The proportion of women on the Board, women in senior executive positions and women employees in the whole organisation as at reporting date is disclosed in Recommendation 1.5 of the Company's Corporate Governance Statement above.
(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.	Not Applicable	
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	Yes	Refer to Schedule 1 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corgov">http://www.carbinetungsten.com.au/corgov</a>
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	A performance evaluation was undertaken during the period to June 2016 as noted in the Company's Annual Remuneration Report in the 2016 Annual Report.

# **CORPORATE GOVERNANCE STATEMENT**

<b>ASX Corporate Governance Council Recommendations (3<sup>rd</sup> Edition)</b>	<b>Completed</b>	<b>Comment</b>
1.7 A listed entity should:		
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes	Refer to Schedule 1 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(b) (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	A performance evaluation was undertaken during the period to June 2016 as noted in the Company's Annual Remuneration Report in the 2016 Annual Report.
<b>Principle 2 – Structure the Board to Add Value</b>		
2.1 The board of a listed entity should:		
(a) have a nomination committee which:	Yes	The Company has established a Nomination Committee which consists of
(1) has at least three members, a majority of whom are independent directors; and	2 members	two members who are Independent Non-executive Directors. The members are Mr Roland Nice and Mr Russell Krause.
(2) is chaired by an independent director,	Yes	The Nomination Committee is chaired by Mr Russell Krause who is an Independent Non-executive Director.
(3) and disclose:		
(4) the charter of the committee;	Yes	Refer to Schedule 5 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(5) the members of the committee; and		
(6) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	Refer to the Directors Report in the 2016 Annual Report.
(b) if it does not have a nominations 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.	Not Applicable	Refer to the Directors Report in the 2016 Annual Report.
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.	Yes	Refer to Recommendation 2.2 of the Company's Corporate Governance Statement above for further detail which is also located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>

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ASX Corporate Governance Council Recommendations (3 <sup>rd</sup> Edition)	Completed	Comment
<p>2.3 A listed entity should disclose:</p> <p>(1) the names of the directors considered by the board to be independent directors;</p> <p>(2) 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</p> <p>(3) the length of service of each director.</p>	Yes	<p>Refer to Recommendation 2.3 of the Company's Corporate Governance Statement above for further detail which is also located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a></p> <p>The Board consists of three Directors, two of which (being Mr Russell Krause and Mr Roland Nice) are Non-executive Directors.</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 Mr Krause and Mr Nice 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>Mr Andrew James (Jim) Morgan is considered by the Board not to be independent on the basis that he is engaged in the executive management role of Managing Director and Chief Executive Officer.</p> <p>The lengths of service of each director are as follows:</p> <ul style="list-style-type: none"> <li>• Russell Krause (3.25 years)</li> <li>• Andrew James (Jim) Morgan (4.5 years)</li> <li>• Roland Nice (3.25 years)</li> </ul>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	Yes	<p>As noted above in Recommendation 2.3, the Board is composed of two Non-executive Independent Directors and one Executive Director.</p>
<p>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.</p>	Yes	<p>The Chairman, Mr Russell Krause is an Independent Director.</p> <p>The roles of Chairman and Chief Executive Officer are exercised by different individuals, being Mr Russell Krause and Mr Andrew James (Jim) Morgan respectively.</p>

# CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council Recommendations (3 <sup>rd</sup> Edition)	Completed	Comment
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.	Yes	Refer to Recommendation 2.6 of the Company's Corporate Governance Statement above for further detail which is also located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
<b>Principle 3 – Act Ethically and Responsibly</b>		
3.1 A listed entity should:		
(a) have a code of conduct for its directors, senior executives and employees; and	Yes	Refer to Schedule 2 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(b) disclose that code or a summary of it.	Yes	
<b>Principle 4 – Safeguard Integrity in Corporate Reporting</b>		
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	Yes 2 members	The Company has established an Audit and Risk Committee which consists of two members who are Independent Non-executive Directors. The members are Mr Roland Nice and Mr Russell Krause.
(2) is chaired by an independent director, who is not the chair of the board,	Yes	The Audit and Risk Committee is chaired by Mr Roland Nice who is an Independent Non-executive Director.
(3) and disclose:		
(4) the charter of the committee;	Yes	Refer to Schedule 3 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(5) the relevant qualifications and experience of the members of the committee; and	Yes	
(6) 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	Yes	Refer to the Directors Report in the 2016 Annual Report.
(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.	Not Applicable	Refer to the Directors Report in the 2016 Annual Report.

# **CORPORATE GOVERNANCE STATEMENT**

<b>ASX Corporate Governance Council Recommendations (3<sup>rd</sup> Edition)</b>	<b>Completed</b>	<b>Comment</b>
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.	Yes	Refer to Recommendation 4.2 of the Company's Corporate Governance Statement above for further detail which is also located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
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.	Yes	The Company ensures that the external auditor of the Company is available, via telephone, at each AGM.
<b>Principle 5 – Make Timely and Balanced Disclosure</b>		
5.1 A listed entity should:		
(1) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes	Refer to Schedule 7 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(2) disclose that policy or a summary of it.	Yes	
<b>Principle 6 – Respect the Rights of Security Holders</b>		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Refer to the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	Refer to Schedule 11 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
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.	Yes	Refer to Recommendation 6.3 of the Company's Corporate Governance Statement for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>  This is also disclosed in the Company's Notice of Meetings when dispatched to Shareholders.

# **CORPORATE GOVERNANCE STATEMENT**

<b>ASX Corporate Governance Council Recommendations (3<sup>rd</sup> Edition)</b>	<b>Completed</b>	<b>Comment</b>
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.	Yes	These communication options are implemented by the Company's Share Registry.
<b>Principle 7 – Recognise and Manage Risk</b>		
7.1 The board of a listed entity should:		
(a) have a committee or committees to oversee risk, each of which:	Yes	The Company has established an Audit and Risk Committee which consists of two members who are Independent Non-executive Directors. The members are Mr Roland Nice and Mr Russell Krause.
(1) has at least three members, a majority of whom are independent directors; and	2 members	
(2) is chaired by an independent director,	Yes	The Audit and Risk Committee is chaired by Mr Roland Nice who is an Independent Non-executive Director.
(3) and disclose:		
(4) the charter of the committee;	Yes	Refer to Schedule 3 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(5) the members of the committee; and	Yes	Refer to the Directors Report in the 2016 Annual Report.
(6) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Not Applicable	Refer to the Directors Report in the 2016 Annual Report.
7.2 The board or a committee of the board should:	Yes	The Company regularly undertakes reviews of its risk management framework to establish an effective and efficient system for:
(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and		(i) identifying, assessing, monitoring and managing risk; and
(b) disclose, in relation to each reporting period, whether such a review has taken place.		(ii) disclosing any material change to the Group's risk profile.
		The Company intends to disclose the matters contemplated by ASX Recommendation 7.2 in future Annual Reports.

# CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council Recommendations (3 <sup>rd</sup> Edition)	Completed	Comment
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	Not Applicable	The Company does not have an internal audit function. The Audit and Risk Committee directly oversees relevant risk areas as part of its risk management function.
(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.	Yes	Refer to Schedule 8 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
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.	Yes	There is no material exposure to economic and social sustainability risks. The Company details the environmental risks in the Directors Report contained within the 2016 Annual Report.

## 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 members	The Company has established a Remuneration Committee which consists of two members who are Independent Non-executive Directors. The members are Mr Roland Nice and Mr Russell Krause.
(2) is chaired by an independent director, and disclose:	Yes	The Remuneration Committee is chaired by Mr Russell Krause who is an Independent Non-executive Director.
(3) the charter of the committee;	Yes	Refer to Schedule 4 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a>
(4) the members of the committee; and	Yes	Refer to the Directors Report in the 2016 Annual Report.
(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;		
(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.	Not Applicable	Refer to the Directors Report in the 2016 Annual Report.

# CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council Recommendations (3 <sup>rd</sup> Edition)	Completed	Comment
<p>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.</p>	Yes	<p>Refer to Schedule 4 of the Company's Corporate Governance Plan for further detail which is located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a></p> <p>Separate disclosure regarding the remuneration of the Company's Directors (Executive and Non-executive) and CEO is also 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://www.carbinetungsten.com.au/ctasx">http://www.carbinetungsten.com.au/ctasx</a></p>
<p>8.3 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>	Yes	<p>Refer to Recommendation 8.3 of the Company's Corporate Governance Statement for further detail which is also located on the Company's website at the following link: <a href="http://www.carbinetungsten.com.au/corpgov">http://www.carbinetungsten.com.au/corpgov</a></p>
	Yes	<p>Separate disclosure of the equity-based remuneration scheme is also disclosed in Resolution 7 of the Notice of 2015 AGM lodged with the ASX on 21 October 2015 and subsequently approved by shareholders at the AGM held on 24 November 2015.</p>