Aeris Resources Limited

ACN: 147 131 977

Corporate Governance Statement - 2016

This statement is current as at 29 August 2016 and has been approved by the Board of Aeris Resources Limited.

OVERVIEW

The Directors of Aeris Resources Limited (Aeris or the Company) 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 Company assesses its governance practices on an ongoing basis. Changes and improvements are made in a substance over form manner, which appropriately reflects the changing circumstances of the Company 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 Company.

The Australian Securities Exchange (ASX) Corporate Governance Council sets out best practice recommendations including corporate governance practices and suggested disclosures. ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX recommendations and to give reasons where they have not been followed.

Unless otherwise indicated, the best practice recommendations of the ASX Corporate Governance Council (CGC), including corporate governance practices and suggested disclosures, have been adopted by the Company for the year ended 30 June 2016 as relevant to the size and complexity of the Company and its operations. Where the Company has not followed a recommendation, reasons for non-compliance have been identified.

The Board currently consists of four Directors, one of whom is the Executive Chairman and only one Director is independent. Consequently, it is presently not possible to comply with the following CGC recommendations: 2.1, 2.4, 2.5, 4.1 and 8.1. The number of Directors increased from three to four during the year. On 31 December 2015 the Company successfully completed a debt restructure with Standard Chartered Bank (SCB) and Special Portfolio V Limited (PAG SPV). Under the terms of the restructuring deed Aeris entered into with SCB and PAG SPV, SCB and PAG SPV each have a separate entitlement to appoint one director to the Aeris Board. SCB elected to take up this right and nominated Mr Marcus Derwin, who was appointed to the Aeris Board on 18 April 2016. Mr Derwin does not fall within the ASX definition of “independent” by virtue of his association with SCB, which has a material business relationship with the Company. The Board considers that all Directors bring significant expertise to the Company and that the current structure is appropriate for the Company at this time. The debt restructure was a significant step towards stabilising the Company’s financial position. A stable financial position will assist the Board in recruiting suitably qualified and experienced independent directors in the future. The other recommendations that are not fully complied with are: 1.5 and 2.2, and the reasons for non-compliance are set out in the respective recommendations.

The Company has a corporate governance section on its website at http://www.aerisresources.com.au/about-aeris/corporate-governance.html. The corporate governance section includes details on the Company’s governance arrangements and copies of relevant policies and charters.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: A company should disclose:

- **the respective roles and responsibilities of the board and management; and**
- **those matters expressly reserved to the board and those delegated to management.**

The Board is responsible to the shareholders for the performance of the Company in both the short and long term. Their focus is to enhance the interest of shareholders, taking into account the interests of other stakeholders and to ensure the Company is properly managed.

Broadly, the key responsibilities of the Board are:

- Setting the strategic direction of the Company with management, and monitoring management’s implementation of that strategy;
- Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions;
- Approving the annual operating budget, annual shareholders’ report and annual financial statements;
- Appointing, monitoring, managing the performance of, and if necessary terminating, the employment of the Chief Executive Officer;

- Approving and monitoring the Company's Risk Management Policy and Guidelines; and
- Ensuring compliance with the Corporations Act 2001, ASX listing rules and other relevant regulations.

The Board Charter sets out the Board's delegation of responsibility to allow the Chief Executive Officer and the executive management team to carry on the day-to-day operations and administration of the Company. The Board Charter supports all delegations of responsibility by formally defining the specific functions reserved for the Board and its Committees and those matters delegated to management.

Recommendation 1.2: A company should:

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

The Nomination Committee is responsible for:

- Reviewing and recommending to the Board the size and composition of the Board and potential director appointments;
- Making recommendations for the re-election of Directors;
- Assisting the Board as required to identify individuals who are qualified to become Board members; and
- Undertaking appropriate checks before appointing a Director or putting forward to shareholders a candidate for election as a Director, including checks as to the person's character, experience, education, criminal record and bankruptcy history.

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

All Directors and senior executives reporting to the Executive Chairman of the Company have been given formal letters of appointment outlining key terms and conditions of their appointment. A summary of the contract details of the Directors and senior executives who are Key Management Persons is set out in the Directors' Report section of the 2016 Annual Report.

Recommendation 1.4: The Company Secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. The Board Charter confirms that all Directors have direct access to the Company Secretary. The Company Secretary is responsible for:

- Advising the Board on corporate governance matters;
- Managing the company secretarial function;
- Attending and taking minutes at all Board and Committee meetings; and
- Communicating with the ASX.

The decision to appoint or remove the Company Secretary is made or approved by the Board.

Recommendation 1.5: A company should:

- **have a Diversity Policy which sets measurable objectives for achieving gender diversity;**
- **disclose the Diversity Policy or a summary of it; and**
- **disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the Diversity Policy and its progress towards achieving them, and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.**

The Board has adopted a formal Diversity Policy that is available in the Corporate Governance section of the Company's website. The Board values diversity and recognises the potential benefits it can bring to the Company's ability to achieve its goals. The Diversity Policy provides for establishing measurable objectives for achieving gender diversity and on an annual basis the Company reports on these outcomes. The Company's Diversity Policy is to provide opportunities for women wherever possible through internal promotion and external recruitment across all levels.

The Board has not yet formulated measurable objectives regarding gender diversity; however, the Board has endeavoured to maintain existing participation levels within the Company for female employees. Once the Board has completed the repositioning of the Company's business, it will consider the measurable objectives for gender diversity.

At 30 June 2016, female employees represented approximately 11.8% (2015: 14.5%) of the total workforce. There are currently no female senior executives or Directors on the Board of Aeris.

Recommendation 1.6: A company should:

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

The Company currently has an informal process to evaluate the performance of the Board by the Nominations Committee on an ad hoc basis.

During the financial year ended 30 June 2016 the Board was focussed on finalising the Company's debt restructure and optimising its Tritton operations and has therefore not undertaken a formal process for evaluating the performance of the Board, its Committees and individual Directors during the year ended 30 June 2016.

Recommendation 1.7: A company should:

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

The members of the Remuneration Committee during the financial year ended 30 June 2016 were: Michele Muscillo (Chairman) and Alastair Morrison. The Committee operates pursuant to a Remuneration Committee Charter. The Remuneration Committee is responsible for various aspects of remuneration, including the review of the remuneration of senior executives and Board members at least annually.

The Remuneration Committee did not meet during the year ended 30 June 2016. As the Board is comprised of only four Directors, the Board considered it more effective to set aside time at Board meetings to specifically address the matters that would have been ordinarily attended to by the Remuneration Committee.

The Board sets a range of goals and specific, measurable targets at the start of the performance year for each senior executive including the Executive Chairman. The Board undertook a performance evaluation of each senior executive during the 2016 financial year and performance was assessed against the goals and targets that were set at the start of the performance year.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: The Board should establish a nomination committee which:

- **has at least three members;**
- **consists of a majority of independent directors; and**
- **is chaired by an independent director.**

and disclose:

- **the charter of the committee;**
- **the members of the committee; and**
- **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.**

The members of the Nomination Committee during the financial year ended 30 June 2016 were: Michele Muscillo (Chairman) and Andre Labuschagne. The Committee does not comply with Recommendation 2.1 as it only has two members and not three, and it does not consist of a majority of independent directors. As there are currently only four Directors, one of whom is the Executive Chairman and only one is considered independent, it is presently not possible to achieve compliance with this recommendation.

The Board has adopted a formal Nomination Committee Charter which is available from the Corporate Governance section of the Company's website.

The Nomination Committee did not meet during the year ended 30 June 2016. As the Board is comprised of only four Directors, the Board considered it more effective to set aside time at Board meetings to specifically address the matters that would have been ordinarily attended to by the Nomination Committee.

Recommendation 2.2: A company should have and disclose a board skills matrix setting out the skills and diversity that the board has or is currently looking to achieve in its membership.

The Board has not yet established a formal board skills matrix as the Board has been focussed on stabilising the Company's financial position and optimising its Tritton operations.

The current Board members represent individuals who have extensive industry experience as well as professionals who bring to the Board their specific skills in order for the Company to achieve its strategic, operational and compliance objectives. Their suitability as Directors has been determined primarily on the basis of their ability to deliver outcomes in accordance with the Company's short to medium term objectives and therefore deliver value to shareholders. A formal skills matrix will be prepared, when the Company appoints additional suitably qualified and experienced independent directors.

Details of Board members, their experience, expertise, qualifications, term in office and independence status are set out at the commencement of the Directors' Report section of the 2016 Annual Report.

Recommendation 2.3: A company should disclose:

- **the names of the directors considered by the board to be independent directors;**
- **if a director has an interest, position, association or relationship described and the board is of the opinion that it does not compromise the independence of the director, an explanation of why the board is of that opinion; and**
- **the length of service of each director.**

In determining the independence of Directors, the Board has regard to the independence criteria as set out in the ASX Principles. Currently, the Board consists of four Directors of which only Michele Muscillo is considered independent.

Alastair Morrison is a Non-executive Director but does not fall within the ASX definition of "independent" as he was previously appointed by Standard Chartered Private Equity (SCB PE), the Company's largest shareholder and only ceased employment with SCB PE on 31 March 2014.

Marcus Derwin is a Non-executive Director but does not fall within the ASX definition of "independent" as he is a nominee Director of Standard Charted Bank, which has a material business relationship with Aeris. In terms of the restructuring deed Aeris entered into with SCB and PAG SPV, SCB and PAG SPV each have a separate entitlement to appoint one director to the Aeris Board. SCB elected to take up this right and nominated Mr Marcus Derwin who was appointed to the Aeris Board on 18 April 2016.

In respect to Mr Muscillo, a partner with HopgoodGanim Lawyers (HG) who act as lawyers for the Company, the Board considers that despite the business relationship between Aeris and HG, Mr Muscillo is independent as Mr Muscillo's annual billings to the Company do not represent more than 1% of the Company's annual revenue or more than 5% of HG's total annual billings.

The term in office of each Board member is set-out at the commencement of the Directors' Report section of the 2016 Annual Report.

Recommendation 2.4: A majority of the Board should be independent directors.

The current structure of the Board does not comply with ASX Recommendation 2.4 as the majority of the Directors are not independent. The Board is currently comprised of four Directors, only one of whom is determined by the Board to be independent. The Board includes one executive Director, Mr Andre Labuschagne, who is also the Chairman.

The Board is of the view that the Board's current composition serves the interests of shareholders for the following reasons:

- The Board has a majority of non-executive directors;

- All Board Committees are chaired by the independent Director;
- The independent Director fulfils the role of the 'senior independent director' whenever the Chairman is conflicted (refer to Recommendation 2.5 for the role of the 'senior independent director');
- Under the Company's directors code of conduct policy, all Directors have agreed not to participate in any decision in which they are conflicted; and
- After considering the needs of the Company at this time and the Board policies which have been put in place, it is the view of the Board that it is not in the interests of shareholders to incur the expense of additional directors at this time.

Recommendation 2.5: The chair should be an independent director and in particular should not be the same person as the CEO of the company.

Andre Labuschagne was appointed to the role of Managing Director on 20 December 2012 and subsequently as Executive Chairman on 19 April 2013. The Nomination Committee and the Board considered that the combined role is in the interests of shareholders in order to utilise the proven leadership qualities and significant experience of Mr Labuschagne through a challenging period for the Company and to ensure the on-going commercial success of the Company. Furthermore, Mr Labuschagne has been with the Company since 2012 and has therefore provided stability and continuity through his detailed understanding of the Company's operations and the markets in which it operates.

Recognising, however, that an Executive Chairman is not able to provide independent review of the performance of management, Michele Muscillo, an independent Director, fulfils the role of the 'senior independent Director' whenever the Chairman is conflicted. In the role of 'senior independent Director' Mr Muscillo:

- Works closely with the Executive Chairman, acting as a sounding board and providing support;
- Being available to shareholders to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication;
- Meeting with the other non-executive Directors to review the Executive Chairman's performance and carrying out succession planning for the Chairman's role; and
- Attending sufficient meetings with major shareholders to obtain a balanced understanding of their issues and concerns.

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

The Nomination Committee is responsible for ensuring that new Directors are provided with a comprehensive induction programme that includes business briefings by management and site visits.

The Board encourages Directors to continue their education and maintain the skills required to discharge their duties by providing professional development opportunities. The Company meets all reasonable costs of continuing Director education.

A Director of the Company is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures, and subject to the conditions set out in the Company's Board Charter.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: A company should:

- **establish a code of conduct for its directors, senior executives and employees; and**
- **disclose the code or a summary of the code.**

The Board has adopted a formal Corporate Code of Conduct. A copy of the Code is made available to all employees of the Company and is also available from the Corporate Governance section of the Company's website.

This Code expresses certain basic principles that the Company, Directors and employees should follow in all dealings related to the Company. They should show the highest business integrity in their dealings with others, including preserving the confidentiality of other peoples' information, and should conduct the Company's business in accordance with relevant legislation and principles of good business practice.

The Company encourages the reporting of unlawful and unethical behaviour, and protects those who report breaches in good faith. The Corporate Code of Conduct provides protection to whistle-blowers, as required by the Corporations Act 2001.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: The board should establish an audit committee which:

- **has at least three members, all of whom are non-executive directors;**
- **consists of a majority of independent directors; and**
- **is chaired by an independent director, who is not chair of the board.**

and disclose:

- **the charter of the committee;**
- **the relevant qualifications and experience of the members of the committee; and**
- **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.**

The Audit Committee members are: Michele Muscillo (Chairman) and Alastair Morrison. The Committee does not comply with Recommendation 4.1 as it only has two members and not three, and it does not consist of a majority of independent directors. As there are currently only four Directors, one of whom is the Executive Chairman and only one is considered independent, it is presently not possible to achieve compliance with this recommendation.

Both members of the Audit Committee are financially literate and have an appropriate understanding of the mining industry. All other details of the members' qualifications and number of meetings held and attended can be found in the Directors' Report section of the 2016 Annual Report.

The Board has adopted a formal Audit Committee Charter. The Charter sets out the roles and responsibilities of the Audit Committee and contains information on the procedures for the selection, appointment and rotation of the external and internal auditors. The Audit Committee Charter is available from the Corporate Governance section of the Company's website.

Recommendation 4.2: The board should, before it approves the company's financial statements for a financial period, receive from the chief executive officer and the chief financial officer a declaration that, in their opinion, the financial records of the company 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 company and the opinion is founded on a sound system of risk management and internal control that is operating effectively

In accordance with section 295A of the Corporations Act, the Chief Executive Officer (who is the Executive Chairman) and Chief Financial Officer have provided a written statement to the Board in respect of each half and full year financial period that:

- The Company's financial records have been properly maintained;
- The financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company;
- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board acknowledges that the internal control assurances from the Chief Executive Officer and Chief Financial Officer are not absolute and can only be provided on a reasonable basis after having made due enquiries. This is due to such factors as the need for judgment, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not, and cannot be, designed to detect all weaknesses in control procedures.

Recommendation 4.3: A company should ensure that its external auditor attends its Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

PricewaterhouseCoopers, the Company's external auditor, attends each Annual General Meeting and is available to respond to shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: A company should establish a written policy to ensure compliance with ASX Listing Rules continuous disclosure requirements and disclose that policy or summary of it.

The Board has adopted a formal Disclosure Policy outlining procedures for compliance with ASX continuous disclosure requirements. The Disclosure Policy is available from the Corporate Governance section of the Company's website.

The Policy is based upon the Company's desire to promote fair markets, honest management and full and fair disclosure. The disclosure requirements must be complied with in accordance with their spirit, intention and purpose.

The purpose of the Policy is to:

- Summarise the Company's disclosure obligations;
- Explain what type of information needs to be disclosed;
- Identify who is responsible for disclosure; and
- Explain how individuals at the Company can contribute.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: A company should provide information about itself and its governance to investors via its website.

The Company keeps investors informed of its corporate governance, financial performance and prospects via its website. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statements, investor presentations and/or transcripts of those presentations via the 'Investor Centre' tab and can access general information regarding the Company and the structure of its business under the 'About Aeris', and 'Our Business' tabs.

Recommendation 6.2: A company should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Board has adopted a formal Shareholder Communication Guidelines and Policy.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When there are briefings to general groups, analysts or investors on the aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is released to the market.

In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Initiatives to facilitate this include making available on the Company's website all Company announcements, media briefings, details of Company meetings and both press releases and financial reports.

The Shareholder Communication Guidelines and Policy is available from the Corporate Governance section of the Company's website.

Recommendation 6.3: A company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders

The Company communicates with shareholders through releases to the ASX, its website, information distributed directly to shareholders and the general meetings of shareholders. To ensure that shareholders have the opportunity to participate at meetings of members:

- At the Annual General Meeting, shareholders elect the Directors and have the opportunity to express their views, ask questions about the Company's business and vote on items of business for resolution by shareholders; and
- The Company's external auditor attends each Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Recommendation 6.4: A company should give shareholders the option to receive communications from, and send communications to, the company and its share registry electronically.

Shareholders are able to send and receive communications to and from the Company electronically, as provided for in the Shareholders Communication Guidelines and Policy. Transcripts of results presentations and major business presentations are placed on the Company's website as soon as practicable after the conclusion of such events.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: The board should establish a committee or committees to oversee risk, each of which:

- **has at least three members;**
- **consists of a majority of independent directors; and**
- **is chaired by an independent director.**

and disclose:

- **the charter of the committee;**
- **the members of the committee; and**
- **as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances at those meetings.**

The Board has not formed a committee to oversee risk. The full Board consists of only four Directors and has formed the view that it is more efficient for the Board as a whole to deal with matters that would otherwise be dealt with by a Risk Committee.

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

The Board is responsible for reviewing, ratifying and monitoring systems of risk management. The Board adopted a Risk Management Policy and Guidelines and this policy is available from the Corporate Governance section of the Company's website.

Financial and operating risks are addressed through approved policies and procedures covering treasury, financial, contract management and health, safety and environmental activities of the Company.

In particular the Board monitors and assesses key financial risk areas which include that Aeris has:

- An effective financial risk management system in place;
- An effective internal control system in place; and
- A system in place for unusual and/or high risk transactions.

Key controls have been identified for each business, and accounting processes with an internal controls framework developed.

In addition to external financial audits, all the Company's operations are also subjected to annual external safety and environmental audits to Australian Standards. The Company engages an insurance brokering firm and an independent insurance advisor as part of the Company's annual assessment of the coverage for insured assets and risks.

The Company intends to continue to work on improving and enhancing its risk management framework. The results of all the various audits and insurances assessments are reported to the Board at least annually.

Recommendation 7.3: A company should disclose:

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

The Company does not have an internal audit function. Given the Company's current size and nature of its operations, the Board considers it appropriate to engage external advisors (independent of the external auditor) as appropriate from time to time to undertake various tasks that an internal audit function would perform. No external advisors were engaged during the financial year ended 30 June 2016 to undertake internal audit activities.

The Executive Chairman and the Chief Financial Officer are primarily responsible for reporting to the Board on a regular basis in relation to whether the Company's material business risks are being managed effectively by way of the Company's risk management and internal control systems.

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

The Board identifies and manages material exposures to economic, environmental and social sustainability risks in accordance with its Risk Management Policy and Guidelines.

The Board has overall responsibility for Aeris' internal control environment, and ensures that Aeris has an integrated framework of control, based on formal procedures and appropriate delegation of authority and responsibility. There is a disciplined approach to identification and management of risk.

The following categories of risks have been identified as being specific risks that have the potential to have an adverse impact on the Company's business:

- Operational;
- Environmental;
- Insurance;
- Litigation;
- Financial;
- Treasury and finance; and
- Compliance.

For further discussion on some of the above risks please refer to the Review of Operations and Activities section of the 2016 Annual Report.

The Company has established and implemented a system for identifying, assessing, monitoring and managing material risk throughout the organisation. This system includes Aeris' internal compliance and control systems, which include the following:

- Aeris' Health, Safety and Environment Management System Framework;
- Aeris' Health, Safety and Environment Management Standards;
- Insurance risk engineers' operational risk reports;
- Insurance risk assessment reports;
- Insurance valuation of plant and equipment reports;
- Aeris' Group Treasury Policy and Procedure;
- Risk Assessment Registers for all mine sites; and
- Board approved policies which are available from the Corporate Governance section of Aeris' website.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee which:

- **has at least three members;**
- **consists of a majority of independent directors; and**
- **is chaired by an independent director.**

and disclose:

- **the charter of the committee;**
- **the members of the committee; and**
- **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.**

The Remuneration Committee members are: Michele Muscillo (Chairman) and Alastair Morrison. The Committee does not comply with Recommendation 8.1 as it only has two members and not three, and it does not consist of a majority of independent Directors. As there are currently only four Directors, one of whom is the Executive Chairman and only one is considered independent, it is presently not possible to achieve compliance with this recommendation.

The Remuneration Committee did not meet during the year ended 30 June 2016. As the Board is comprised of only four Directors, the Board considered it more effective to set aside time at Board meetings to specifically address the matters that would have been ordinarily attended to by the Remuneration Committee.

The Board operates in accordance with the formal Remuneration Committee Charter, which has been adopted by the Board and is available from the Corporate Governance section of the Company's website.

Recommendation 8.2: A company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company determines the remuneration of its non-executive and executive Directors and other senior executives in accordance with its Remuneration Committee Charter, a copy of which is available from the Corporate Governance section of the Company's website.

Each member of the Senior Executive Team signs a letter of appointment covering a range of matters including their duties, rights, responsibilities, fees, any entitlements on termination and job description. Further information on Directors' and executives' remuneration, including principles used to determine remuneration is set out in the Directors' Report section of the 2016 Annual Report under the heading 'Remuneration Report'.

Non-executive Directors are appointed by letter and remunerated by way of an annual Director's fee and a superannuation contribution calculated according to that fee. Non-executive Directors are not entitled to any further remuneration by way of termination payments or any staff benefits, and are ineligible to participate in any of the Company's Incentive Plans. There is no scheme for retirement benefits, other than statutory superannuation. Executive Directors are paid a salary and provided with shares and/or options (subject to shareholder approval) and bonuses as part of their remuneration and incentive package. They do not receive a separate payment for participation on Board committees.

Further details regarding the remuneration of non-executive and executive Directors are set out in the Remuneration Report of the Directors' Report section of the 2016 Annual Report.

Recommendation 8.3: A company which has an equity-based remuneration scheme should 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 disclose that policy or a summary of it.

Under the Company's Security's Trading Policy, participants in the Company's equity-based remuneration plans (the Employee Share Acquisition Plan and the Employee Exempt Plan and Performance Right Plan) are not permitted to enter into any transactions that would limit the economic risk of unvested entitlements.