

## CORPORATE GOVERNANCE STATEMENT 2022

The Board has adopted a corporate framework for the Company which is underpinned by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) ("the Recommendations") applicable to ASX-listed entities.

This Corporate Governance Statement has been approved by the Board of Eastern Resources Limited for publication and the framework it represents is current as at 28 October 2022 and has been approved of the Board on this date.

The Statement addresses each of the Corporate Governance Principles and, where the Company has not followed a Recommendation, provides the reasons for not following the Recommendation.

### Principle 1: Lay solid foundations for management and oversight

#### Recommendation 1.1 – Delineate the respective roles and responsibilities of its Board and Management and regularly review their performance

The Company has defined the role of the Board through its Board Charter, and established functions reserved to the Board and functions delegated to senior executives.

a) Roles of the Board and management:

The role and responsibility of the Board is set out in the Board Charter which is available on the Company's website.

b) Functions of the Board and management:

The functions reserved to the Board include:

- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the Managing Director and or Chief Executive Officer (or equivalent), including approving the remuneration of that person and the remuneration policy and succession plans for that person;
- Appointing and removing the Chief Financial Officer (or equivalent) and the Company Secretary;
- Input to, and the final approval of management's corporate strategy and performance objectives;
- Reviewing and ratifying systems of risk management, internal control, compliance, code of conduct and legal compliance;
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approving and monitoring financial and other reporting;
- Appointment and composition of committees of the Board;
- On recommendation of the Audit Committee, appointment of external auditors; and
- On recommendation of the Remuneration and Nomination Committee, initiating Board and director evaluation.

The functions that may be delegated to senior executives include:

- Implementing the Company's vision, values and business plan;
- Managing the business to agreed capital and operating expenditure budgets;
- Identifying and exploring opportunities to build and sustain the business;
- Allocating resources to achieve desired business outcomes;  
Sharing knowledge and experience to enhance success
- Facilitating and monitoring the potential and career development of the Company's people resources;
- Identifying and mitigating areas of risk within the business;

- Managing effectively the internal and external stakeholder relationships and engagement strategies;
- Sharing information and making decisions across functional areas;
- Determining the senior executives' position on strategic and operational issues; and
- Determining the senior executives' position on matters that will be referred to the Board.

At the present the Company has an executive Director, Myles Fang, and the Board has delegated some of these tasks to that Director and reserves the right to delegate other tasks to individual Directors. The Directors report their activities to the Board at its regular meetings and their performance in regard to these activities is appraised at this time. The Board as a whole undertakes a self-appraisal review on an annual basis.

### **Recommendation 1.2 – Appointment, election and re-election of Directors**

#### a) Director background checks

The Board, through the Remuneration and Nominations Committee checks character, experience, education, criminal record and bankruptcy history of potential Directors. This is done informally through reference and background checks with mutually known persons and would be undertaken on a more formal basis if these checks suggested that this was required. Appointments for a company the size of Eastern Resources generally come from a pool of potential directors well known in the industry.

#### b) On election, or re-election of any Director, shareholders are provided with;

- Biographical details, including the Director's relevant qualifications and experience and the skills they bring to the Board;
- Details of any other material directorships currently held by the candidate;
- In the case of a candidate standing for election as a director for the first time:
  - Confirmation that the entity has conducted appropriate checks into the candidate's background and experience;
  - any material adverse information revealed by the checks the entity has performed about the Director;
  - details 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 judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally; and
  - if the Board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect.
- In the case of a candidate standing for re-election as a Director:
  - the term of office currently served by the Director;
  - if the Board considers the Director to be an independent director, a statement to that effect; and
- a statement by the Board as to whether it supports the election or re-election of the candidate and a summary of the reasons why.

All Directors on appointment provide the Company with a Consent to Act form that includes sufficient information to satisfy all of the points above. The form also requires the Director to provide information on the Director's other commitments. Details of the time involved with each of these commitments and an acknowledgement by the Director he or she will have sufficient time to fulfill his or her responsibilities is informally determined by the Chairman through an interview process.

### **Recommendation 1.3 – Written agreements with Directors**

The Company has a written personal agreement with each Director and senior executive, and in the case of the Company Secretary, a written agreement with the professional services firm providing these services. These agreements set out the terms of appointment including:

- The term of appointment;
- The time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;
- Remuneration, including superannuation entitlements;
- The requirement to disclose Directors' interests and any matters which may affect the Director's independence;
- The requirement to comply with key corporate policies, including the entity's code of conduct and its trading policy;

- The Company's policy on when directors may seek independent professional advice at the expense of the Company;
- The circumstances in which the Director's office becomes vacant;
- Indemnity and insurance arrangements;
- Ongoing rights of access to corporate information; and
- Ongoing confidentiality obligations.

### **Recommendation 1.4 – Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary's role includes:

- Advising the Board and its committees on governance matters;
- Monitoring that Board and Committee policy and procedures are followed;
- Coordinating the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of Directors.

Each Director is able to communicate directly with the Company Secretary and vice versa.

The decision to appoint or remove a Company Secretary is a matter reserved for the Board.

### **Recommendation 1.5 – Diversity policy**

- a) The has a Company's Diversity Policy that is available on its website.
- b) The Policy includes requirements for the Board, at the appropriate stage of its development, to establish measurable objectives for achieving gender diversity and for the Board to assess annually thereafter both the objectives and progress in achieving them. The Company acknowledges the benefits of diversity in a competitive labour market and intends to implement its Diversity Policy in the event that the Company's employee numbers grow to a level where implementation becomes practicable.
- c) With regard to the current reporting period:
  - The Company has one full-time permanent employee and at this stage the Board does not consider it practicable to set measurable gender diversity objectives.
  - The Company has one part-time female administration clerk and one part-time female assistant company secretary.
  - Currently the Company has three male Directors. The Company is not a "relevant employer" under the Workplace Gender Equality Act.

### **Recommendation 1.6 – Evaluation of the performance of the Board**

- a) In accordance with its Charter, the Remuneration and Nomination Committee is responsible for the:
  - Annual evaluation and review of the performance of the Board against both measurable and qualitative indicators established by the Committee;
  - Evaluation and review of the performance of individual Directors against both measurable and qualitative indicators established by the Committee;
  - Review of and making of recommendations on the size and structure of the Board; and
  - Review of the effectiveness and programme of Board meetings.
- b) An evaluation of the performance of the Board, its committees and individual Directors took place in July 2020 and June 2021. That evaluation was conducted by the Board as a whole, and otherwise in accordance with the process disclosed above. An evaluation of the Chairman was undertaken by the other two directors. The evaluation determined that the Board was satisfied with the performance of each Director and itself as a whole.

### Recommendation 1.7 – Evaluation of the performance of senior executives

- a) The Company has a process for periodically evaluating the performance of its senior executives and this is undertaken through the Remuneration and Nomination Committee.
- b) At present the Company has one senior executive staff member, being Executive Director, Myles Fang.

## Principle 2: Structure the Board to be effective and add value

### Recommendation 2.1 – Remuneration and Nomination Committee

- a) The Company has established a two member Remuneration and Nomination Committee which otherwise complies with Recommendation 2.1.
  - 1) The Remuneration and Nomination Committee consist of two non-executive Directors both of whom are independent Directors. The members of the Remuneration and Nomination Committee are Mr King and Mr Hou.
  - 2) The Chairman of the Committee is Mr King who is an independent director.
  - 3) A copy of the Charter of the Remuneration and Nomination Committee is available on the Company's website.
  - 4) The members of the Remuneration and Nomination Committee are Mr King and Mr Hou.
- b) The Remuneration and Nomination Committee held one meeting during the 2022 financial year. Directors consider that a two-member Committee is sufficient for a three-member Board.

### Recommendation 2.2 – Director skills

A skills matrix for the Board follows:

Director	Accounting	Finance	Mining	M & A	Capital Raising	International	Geology	General Management	Risk Management	Legal & Governance	Technology	Corporate Strategy
<b>E King</b>		✓	✓	✓	✓		✓		✓	✓	✓	✓
<b>J Hou</b>	✓	✓	✓	✓	✓			✓	✓			
<b>M Fang</b>			✓	✓	✓	✓	✓	✓				

The Directors have determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise and that can understand and competently deal with current and emerging business issues.

### Recommendation 2.3 – Director independence

- a) Using the ASX Corporate Governance Council independence factor guidelines, the Board has determined that Mr King and Mr Hou are independent. Mr Fang became an Executive Director during FY2022 and is no longer considered independent.
- b) The length of service of each Director is shown below.

Name	Term in office
E King (appointed 10 July 2017)	5 years

J Hou (appointed 27 September 2021)	1 year
M Fang (appointed 12 March 2018)	4 years

### **Recommendation 2.4 – A majority of the Board should be independent directors**

The majority of the Board are independent directors.

### **Recommendation 2.5 – The chair should be an independent director**

The Company's Chairman, Mr King, is an independent director and is not the CEO of the Company.

### **Recommendation 2.6 – Programme for inducting directors**

All new directors receive an induction into the Company and its activities by the Chairman and the Company Secretary. The Company Secretary provides details of all of the Company's Charters and Policies, and the Company's Board reporting practices. The Chairman provides background and details on the Company's projects and strategy.

There are procedures in place and included in the Board Charter, to enable Directors in furtherance of their duties, to seek independent professional advice at the Company's expense, subject to the approval of the Chairman.

As part of the process for the annual review of the Company's Corporate Governance Statement and Board and Company Policies, the Company Secretary appraises Directors of any new developments in these areas.

As part of its annual self-appraisal process, the Board determines and addresses the ongoing educational needs of Directors.

## **Principle 3: Act lawfully, ethically and responsibly**

### **Recommendation 3.1 – Corporate Values**

The Company's Corporate values are included in its code of conduct.

### **Recommendation 3.2 – Code of conduct**

a) The Company has established a Code of Conduct which is available on its website covering:

- Practices necessary to maintain confidence in the Company's integrity;
- Practices necessary to take into account the Company's legal obligations and the expectations of stakeholders; and
- Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

b) There have been no breaches of this Code for the 2022 financial year.

### **Recommendation 3.3 – Whistle-blower policy**

The Company does not currently have a whistle-blower policy as it does not have any full-time employees. At an appropriate stage in the Company's development, the Company will develop a whistle-blower policy.

### **Recommendation 3.4 – Anti-bribery and corruption policy**

The Company does not currently have an anti-bribery and corruption policy as it does not have any full-time employees. The Conduct of Directors is subject to the Company's code of conduct which covers this area of behaviour.

At an appropriate stage in the Company's development, the Company will develop a whistle-blower policy.

The Board is not aware of any instances of bribery or corruption during the 2022 financial year.

## Principle 4: Safeguard the integrity of corporate reports

### Recommendation 4.1 – Audit Committee

- a) The Company has established a two member Audit Committee which otherwise complies with Recommendation 4.1.
- 1) The Audit Committee consist of two non-executive Directors both of whom are independent Directors. The members of the Audit Committee are Mr Hou and Mr King.
  - 2) The Chairman of the Committee is Mr Hou who is an independent director and not the Chairman of the Board.
  - 3) A copy of the Charter of the Audit Committee is available on the Company's website.
  - 4) The relevant qualifications and experience of each Audit Committee member are shown in the Directors' Report which is included in the Company's Annual Report.
  - 5) The number of meetings and attendance by each Committee member is included in the Directors' Report which is included in the Company's Annual Report.
- (b) Directors consider that a two-member Committee is sufficient for a three-member Board.

### Recommendation 4.2 – Chairman and CFO declarations

When considering the Audit Committee's review of half-year and full-year financial reports the Board receives a signed statement from each of the Chairman (the Company currently does not have a Managing Director or CEO) and the Financial Controller in accordance with section 295A of the Corporations Act. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks and that nothing has occurred since the period-end that would materially change that position.

### Recommendation 4.3 – Integrity of periodic financial information released to ASX

The Company's annual Directors' Report is reviewed by the Audit Committee before being approved by the Board.

Company releases its unaudited quarterly ASX Appendix 5B quarterly cash flow report to the ASX. This report is prepared by the company's part-time financial controller and reviewed by all directors by email before release to the market.

The Company's annual financial report is audited, and its half-yearly financial report is reviewed, by its external auditor.

## Principle 5: Make timely and balanced disclosure

### Recommendation 5.1 – Continuous Disclosure Compliance

The Company has established a Continuous Disclosure Policy which sets out the key obligations of Directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosures, as well as procedures for promoting understanding of compliance with disclosure requirements. A copy of the Company's Continuous Disclosure Policy is available on the Company's website.

### Recommendation 5.2 – Distribution to Directors of all ASX announcements

The Company has established an electronic procedure to distribute all ASX announcements to all Directors.

### Recommendation 5.3 – Disclosure of investor and analyst presentations

It is a requirement of the Company's Continuous Disclosure Policy that any new and substantive investor or analyst presentations are released to the market prior to any presentations.

## Principle 6: Respect the rights of security holders

### Recommendation 6.1 – Corporate and governance communication

The Company has a corporate governance landing page on its website. This page includes the Company's Board Charter, Audit Committee Charter and Remuneration and Nominations Committee Charter as well as the Company's corporate



governance policies. The website also includes ASX releases, financial reports, details on the Company's projects, biographical details for the Board and senior management and other relevant details broadly consistent with Recommendation 6.1.

### **Recommendation 6.2 – Investor relations program**

The Company has adopted a Shareholder Communications Policy for promoting effective communication with shareholders and encouraging shareholder participation at annual and other general meetings. A copy of this Policy is available on the Company's website. The Company also invites enquiries from investors and provides contact details at the foot of each ASX release.

### **Recommendation 6.3 – Shareholder participation at general meetings**

The Company holds its general meetings in capital city CBD locations. Shareholders may submit proxy votes electronically for general meetings. At all general meetings, shareholders are encouraged to comment on all resolutions and ask questions of the Auditor at AGMs. Shareholders may ask questions at any general meeting by emailing these questions to the Company Secretary.

The Company will at an appropriate time in the future, investigate the electronic participation of shareholders at general meetings.

### **Recommendation 6.4 – Resolutions at general meetings**

All resolutions at general meetings are conducted via polls.

### **Recommendation 6.5 – Electronic communication with security holders**

Security holders are encouraged to make enquiries of the Company and its share registry electronically, and contact details for this purpose are included at the foot of each ASX release. All shareholders have the option to receive their Annual Report electronically.

## **Principle 7: Recognise and manage risk**

### **Recommendation 7.1 – Risk Management Committee**

- a) The Company does not have a Risk Management Committee.
- b) The Audit Committee oversees financial risks pursuant to the Audit Committee Charter. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

Operational risks are considered by the Chairman and the Board as a whole. For development projects the Company undertakes an in-house risk analysis, utilising the skills and experience of its Directors and staff. For large projects, external consultants may be engaged to provide assistance in this process.

A Risk Management Committee would be considered if the Company's activities were to significantly expand and additional Directors were appointed to the Board.

### **Recommendation 7.2 – Risk management framework review**

- a) The Company's financial risk management framework is included in its Audit Committee Charter which is reviewed annually by the Board.
- b) A review of this Charter was not undertaken during the 2022 financial year.

### **Recommendation 7.3 – Internal audit function**

- a) The Company does not have an internal audit function.
- b) The Company's financial risk management and internal control framework is included in its Audit Committee Charter which is reviewed annually by the Board. Governance matters are reviewed annually with the Company Secretary as

part of the process of reviewing the Company's Corporate Governance Statement and Board and Committee charters and corporate policies. This process is undertaken at a Board meeting once per year.

### **Recommendation 7.4 – Exposure to environmental or social risk**

At its current stage of development, the Company does not have any exposure to material environmental or social risks.

The Company is exposed to the market for iron ore and could be adversely impacted by any alternative sourcing of this commodity by Australia's major trading partner. It has also entered into exploration for lithium in Western Australia and, to the extent those activities have environmental and social risks, manages those through compliance with relevant state and commonwealth laws and appointment of reputable, skilled third party contractors.

## **Principle 8: Remunerate fairly and responsibly**

### **Recommendation 8.1 – Remuneration Committee**

- a) The Company has established a two member Remuneration and Nomination Committee which otherwise complies with Recommendation 8.1.
  - 1) The Remuneration and Nomination Committee consist of two non-executive Directors both of whom are independent Directors. The members of the Remuneration and Nomination Committee are Mr King and Mr Hou.
  - 2) The Chairman of the Committee is Mr King who is an independent director.
  - 3) A copy of the Charter of the Remuneration and Nomination Committee is available on the Company's website.
  - 4) The members of the Remuneration and Nomination Committee are Mr King and Mr Hou.
  - 5) The Remuneration and Nomination Committee did not meet during the 2022 financial year as remuneration matters were handled by the Board as a whole.

The skills and experience of each member of the Remuneration and Nomination Committee is set out in the Directors' Report which is included in the Company's Annual Report.

- b) Directors consider that a two member Committee is sufficient for a three member Board.

### **Recommendation 8.2 – Remuneration of executive directors, executives and non-executive directors**

Details of the Company's policies and practices regarding the remuneration of non-executive directors and senior executives is included in the Remuneration Report in the Directors' Report which is included in the Company's Annual Report.

The aggregate remuneration of the non-executive Directors has been fixed at a maximum of \$250,000 per annum to be apportioned among the non-executive Directors in such a manner as the Board determines.

All issues of securities to Directors are made in accordance with the Listing Rules.

Neither the non-executive Directors nor the executives of the Company receive any retirement benefits, other than superannuation.

### **Recommendation 8.3 – Equity based remuneration scheme**

The Company has issued share options and/or performance rights as remuneration to its Directors. Details are provided at the time of issue via ASX announcement and annually in the Company's relevant Annual Report.

- a) The Company's Share Trading Policy prohibits the hedging of options.
- b) The Company's Share Trading Policy is available on its website.