

CORPORATE GOVERNANCE STATEMENT 2020/21

Empire Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. To the extent that they are applicable, and given its circumstances, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ('Recommendations') published by the Corporate Governance Council ('CGC') of the ASX in The Corporate Governance Principles and Recommendations (3rd Edition), throughout the financial year ended 30 June 2020.

For the upcoming financial year ending 30 June 2021, the Company will be reporting against the recommendations contained in the new 4th Edition ASX CGC Principles and Recommendations.

Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be afforded further consideration.

Principle	Recommendation	Conform (Y/N)	Disclosure
1 – Lay solid foundations for management and oversight	1.1 A listed entity should disclose:		<p>Empire has not formally disclosed the functions reserved to the Board and those delegated to senior executives. The appointment of non-executive directors to the Board is not formalised in writing by way of a letter or other agreement.</p> <p>Explanation for Departure: The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established an informal framework for the management of the Company and the roles and responsibilities of the Board and management. Due to the small size of the Board and of the Company, the Board do not think that it is necessary to formally document the roles of Board and management as it believes that these roles are being carried out in practice and are clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance</p>
	(a) the respective roles and responsibilities of its board and management; and	N	
	(b) those matters expressly reserved to the board and those delegated to management	N	
	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	Y	
	(b) 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.	Y	

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	<p>1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p> <p>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.</p> <p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant Committee of the Board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in</p>	<p>Y</p> <p>Y</p> <p>Y</p>	<p>of the Company and ensuring that Shareholder value is increased. The Company has one executive, being the Managing Director. The Managing Director is responsible for ensuring that the Company achieves the goals established by the Board.</p> <p>The appointments of non-executive directors are formalised in accordance with the regulatory requirements and the Company's constitution.</p> <p>The Company Secretary's role is to support the effectiveness of the Board and its committees where applicable. The Company Secretary's role includes, but is not limited to:</p> <ul style="list-style-type: none"> • advising the Board and its Committees (where applicable) on governance matters; • monitoring the Board and Committee's (where applicable) policies and procedures are followed; • coordinating the timely completion and despatch of Board and Committee (where applicable) papers; • ensuring that the business at Board and Committee (where applicable) meetings is accurately captured in the minutes; and • helping to organise and facilitate the induction of Directors. <p>Each Director of the Company is able to communicate directly with the Company Secretary and vice versa. More information in the Board Charter.</p> <p>The Company has adopted a formal diversity policy that includes, but is not limited to, factors such as gender, age, ethnicity and cultural background. Appointments are made on ability and availability.</p>

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	<p>achieving them;</p> <p>(b) disclose that policy or summary of it; and</p> <p>(c) disclose 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:</p> <p style="padding-left: 40px;">(1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity defined “senior executive” for these purposes); or</p> <p style="padding-left: 40px;">(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined and published under the Act.</p> <p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Y	<p>The policy can be viewed on the Company’s website.</p> <p>The Board did not set measurable gender diversity objectives for the past financial year because the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles would, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company’s policy of appointing based on skills and merit.</p> <p>The performance of the Board, is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including those set out in the Board Charter. The Remuneration and Nomination Charter provides guidance to the Board as required in evaluations of the performance of directors (including the Managing Director).</p> <p>(b) The Company will report on whether a performance evaluation was undertaken.</p>

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	<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives ; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Y	<p>The Board, through the Remuneration and Nomination Charter, is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives.</p> <p>(b) The Board through the Remuneration and Nomination Charter is required to disclose whether or not performance evaluations were conducted during the relevant reporting period. Given the recent appointment of the MD, this has not been performed.</p>
<p>2 – Structure the Board to add value</p>	<p>2.1 The Board of a listed entity should:</p> <p>(a) have a Nomination Committee which:</p> <p>(1) has at least three members, a majority of whom are independent Directors; and</p> <p>(2) is chaired by an independent Director,</p> <p>and disclose:</p> <p>(3) the charter of the Committee;</p> <p>(4) the members of the Committee; and</p> <p>(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</p>	<p>N</p> <p>N/A</p> <p>N/A</p> <p>Y</p> <p>N/A</p> <p>N/A</p>	<p>Separate nomination committee has not been formed.</p> <p>Explanation for Departure</p> <p>The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards. In particular, the Board as a whole considers those matters that would usually be the responsibility of a nomination committee and adheres to its respective Charter. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.</p> <p>The Board has adopted a Remuneration and Nomination Committee Charter which is disclosed on the Company's website.</p> <p>The Board as a whole considers those matters that would usually be the responsibility of a nomination committee and adheres to the relevant Charter.</p>

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	<p>members at those meetings; or</p> <p>(b) if it does not have a Nomination 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.</p> <p>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.</p> <p>2.3 A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the board to be independent Directors;</p> <p>(b) 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>(c) the length of service of each Director.</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>N/A</p> <p>Y</p>	<p>Refer Appendix A</p> <p>Independent Director – Mr Atkinson Non-independent Directors – Dr Ruane Non-Executive Chairman and Mr Sean Richardson (Managing Director)</p> <p>Disclosure: Skills, Experience, Expertise and term of office of each Director A profile of each director containing their qualifications, skills, experience, expertise and term of office is set out in the Directors' Report. Statement concerning availability of Independent Professional Advice</p>

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	<p>2.4 A majority of the board of a listed entity should be independent.</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> <p>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.</p>	<p>N</p> <p>N</p> <p>N</p>	<p>To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.</p> <p>Half of the current Board are considered independent.</p> <p>Refer 2.3.</p> <p>The Chairman of the Board, Dr Michael Ruane, is not an independent, non-executive Director by virtue of his substantial shareholding in the Company.</p>
3 – A listed entity should act ethically and responsibly	<p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>Y</p> <p>Y</p>	<p>Empire has established a formal code of conduct.</p> <p>Disclosed on website</p>
4 – Safeguard integrity in corporate reporting	<p>4.1 The Board of a listed entity should:</p> <p>(a) have an Audit Committee which:</p> <p>(1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p>	<p>N</p> <p>N/A</p>	<p>Separate audit committee has not been formed.</p> <p>Explanation for Departure</p> <p>The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to</p>

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	<p>(2) is chaired by an independent Director, who is not the chair of the Board,</p> <p>and disclose:</p> <p>(3) the charter of the Committee;</p> <p>(4) the relevant qualifications and experience of the members of the Committee; and</p> <p>(5) 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</p> <p>(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.</p> <p>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</p>	<p>N/A</p> <p>Y</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>Y</p>	<p>address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards. In particular, the Board as a whole considers those matters that would usually be the responsibility of an Audit committee and adheres to its respective Charter. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee. However the Board has adopted various Charters which are disclosed on the Company's website.</p> <p>The Board as a whole considers those matters that would usually be the responsibility of an audit committee and adheres to the relevant Charter.</p> <p>The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is 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 risk.</p>

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	<p>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.</p> <p>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.</p>	Y	The Company ensures the external auditor’s lead engagement partner attends the Annual General Meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor’s report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.
5 – Make timely and balanced disclosure	<p>5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Y	<p>The Company has a Continuous Disclosure and Market Communications Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications.</p> <p>Disclosed on website</p>
6 – Respect the rights of security holders	<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p> <p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> <p>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.</p> <p>6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security</p>	Y Y Y Y	<p>Information about the Company and its governance is available in the Corporate Governance Statement and associated policies which can be found on the Company’s website.</p> <p>The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>The Shareholder Communications Policy is available on the Company's website.</p>

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	registry electronically.		
7 – Recognise and manage risk	<p>7.1 The Board of a listed entity should:</p> <p>(a) have a committee or committee to oversee risk, each of which:</p> <p style="padding-left: 40px;">(1) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 40px;">(2) is chaired by an independent Director,</p> <p>and disclose:</p> <p style="padding-left: 40px;">(3) the charter of the committee;</p> <p style="padding-left: 40px;">(4) the members of the committee; and</p> <p style="padding-left: 40px;">(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; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose the fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>N</p> <p>N/A</p> <p>N/A</p> <p>Y</p> <p>N/A</p> <p>N/A</p> <p>Y</p>	<p>Empire has an informal risk oversight and management policy and internal compliance and control system.</p> <p>Explanation for Departure</p> <p>The Board does not currently have a Committee in place but is aware of the various risks that affect the Company and its particular business. The Board adopts appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects. The Board has adopted an Audit and Risk Committee Charter which is disclosed on the Company's website.</p> <p>The Board as a whole considers those matters that would usually be the responsibility of a risk committee and adheres to the relevant Charter.</p>
	<p>7.2 The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to</p>	<p>Y</p>	<p>The Board identifies operational risk categories to assist with risk identification, measurement and provide a basis for organising and</p>

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	be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Y	reporting outcomes. It also identifies the mitigating practices & controls identified by management.
	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 (b) if it does not have an internal audit function, disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	N	The Company does not have an internal audit function.
	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.	N	
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) is chaired by an independent Director, and disclose:	N N/A N/A	Empire does not have a formal remuneration policy and has not established a separate remuneration committee. Directors and management may receive options or shares. Explanation for Departure The current remuneration of the Directors is disclosed in the Directors' Report. Non-executive Directors receive a fixed fee for their services and may also receive options or shares. The issue of options or shares to non-executive Directors may be an appropriate method of providing sufficient incentive and reward while maintaining cash reserves. Due to the Company's early stage of development and small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board believes it is more appropriate to set aside time at specified Board meetings each year to specifically

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	<p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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; or</p> <p>(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.</p>	<p>Y</p> <p>N/A</p> <p>N/A</p> <p>Y</p>	<p>address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions; that is, none of the Directors will participate in any deliberations regarding their own remuneration or related issues.</p> <p>The Board has adopted a Remuneration and Nomination Committee Charter which is disclosed on the Company's website. The Board as a whole considers those matters that would usually be the responsibility of a remuneration committee and adheres to the relevant Charter.</p>
	<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>	<p>Y</p>	<p>The information provided in the Remuneration Report is audited as required by section 308(3C) of the Corporations Act 2001.</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</p>	<p>N/A</p>	

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	scheme; and (b) disclose that policy or a summary of it.		

Board Skills Matrix

	BOARD OF DIRECTORS		
	Sean Richardson (Managing Director)	Michael Ruane	Jeremy Atkinson
Term Expiration Date			
Month/Year	N/A	November 2020 (automatic retirement at AGM – CI 3.3 Constitution)	November 2021 (automatic retirement at AGM – CI 3.3 Constitution)
Length of service	July 2019	October 2018	October 2018
Qualifications	MBA, MSc(Curtin)	BSc. PHD	BA CPA GradDipAppFin
Skills and Experience			
ASX Listed Board of Director Experience	-	✓	-
International Experience	✓	✓	✓
Complex Organisation Experience	✓	✓	✓
Financial Specialism – including capital markets, corporate finance, re-structuring	-	✓	✓
Exploration Sector Experience	✓	✓	✓
Mining Experience	✓	✓	✓