

## 2019 Corporate Governance Statement

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The Board of Rimfire Pacific Mining NL (the **Company**) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which Rimfire Pacific Mining NL has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website [www.rimfire.com.au](http://www.rimfire.com.au), including the 2019 Annual Report.

This Statement is current as at 30 September 2019 and has been approved by the Board of Directors of Rimfire Pacific Mining NL.

### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

#### **Recommendation 1.1 - Role of the Board and Management**

The role of the Board is to provide overall strategic guidance and effective oversight of management.

The Board has a formal Board Charter which is available on our website at [www.rimfire.com.au](http://www.rimfire.com.au)

The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.

The Board delegates responsibility for the day-to-day management of the Company and its business to the Managing Director (MD) and Chief Executive Officer (CEO). The MD is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

#### **Recommendation 1.2: Appointment of Directors**

The Company has guidelines for the appointment and selection of the Board which require the Remuneration and Nomination Committee and the Board to undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director.

We provide our shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.

### **Recommendation 1.3: Appointment Terms**

Each Director and Senior Executive is required to enter into a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. Details of Director and Senior Executive service agreements are included in the Company's Annual Remuneration Report in the 2019 Annual Report.

### **Recommendation 1.4: Company Secretary**

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2019 Annual Report.

### **Recommendation 1.5: Diversity Policy**

The Company is committed to workplace diversity at all levels and recognises the value of a diverse Board and workforce. The Company's workforce comprises individuals with diverse skills, backgrounds, perspectives and experiences, and this diversity is valued and respected.

The Company has not adopted an express policy specifically addressing the achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future, the policy will specifically deal with the objectives for achieving diversity.

The Company adopts a common-sense approach that a person of the right experience, skills and aptitude for a particular vocational need will be chosen for a vacancy within the Company. This has resulted in diversity in the workplace as a natural outcome, rather than a formulated approach.

The Company is committed to ensuring that the appropriate mix of skills and expertise, are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2019 was as follows:

- Women on the Board – 0%
- Women in senior executive positions – 33.3%
- Women across the entire organisation – 28.6%

### **Recommendation 1.6: Board Performance Assessment**

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a questionnaire/survey by each director, facilitated by the Company Secretary;
- the preparation and provision of a report to each director with feedback on the performance of the Board based on the survey results; and
- The Board meeting to discuss any areas and actions for improvement.

The Board is currently in the process of completing its annual performance assessment for FY2019. An analysis of the data will be collected with results tabled at next suitable Board Meeting.

### **Recommendation 1.7: Senior Executive Performance Assessment**

Senior Executives are appointed by the Managing Director and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the Managing Director/Remuneration and Nomination Committee (where applicable). The performance of each Senior Executive against these objectives is evaluated annually.

Performance evaluations were undertaken during the reporting period by the Company in accordance with the process, however a performance evaluation for the Managing Director and CEO has not been undertaken during the reporting period due to recent Management changes, including the appointment of Craig Riley as Managing Director on 31 March 2019. The Company intends on completing a performance evaluation of the Managing Director and CEO during FY2020.

## **PRINCIPLE 2 – BOARD STRUCTURE**

### **Recommendation 2.1: Nomination Committee**

The Board has established a Remuneration and Nomination Committee to assist the Board in ensuring it is equipped to discharge its responsibilities. The Committee has guidelines for the nomination and selection of directors and for the operation of the Board. At the date of this report the Committee comprises of two members, all of whom are independent Directors as follows:

- Andrew Greville – Independent Chair
- Ian McCubbing – Independent Member

It is noted that the Company doesn't currently satisfy the requirement that there be at least three members, however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors over the next twelve months.

The Remuneration and Nomination Committee Charter is available on the Company's website at [www.rimfire.com.au](http://www.rimfire.com.au).

Details of each Member's qualifications and experience as well as information regarding meetings held by the Committee during the year and including attendances are set out in the 2019 Directors' Report, contained within

the 2019 Annual Report.

**Recommendation 2.2: Board Skills Matrix**

Our objective is to have an appropriate mix of expertise and experience on our Board so that the Company can effectively discharge its corporate governance and oversight responsibilities. It is the Board’s view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company’s strategic objectives. This mix is subject to review on a regular basis as part of the Board’s performance review process.

The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently has in its membership.

The skills and experience represented in the Board and relevant to the Company’s business are set out in the matrix below:

<b>Skills and experience</b>	
- Risk & Compliance	- Executive Management
- Financial & Audit	- Exploration and Development of Mineral Resources
- ASX Governance	- Safety, Social and Environmental Responsibility
- Strategy	- Stakeholder Engagement
- Business Operations	- Industry Relations
- Policy Development	- Leadership
- Capital Markets	- Ethics and Integrity
- Technology	- Contribution
- People and Performance	- Negotiation
- Critical Thinker	- Crisis Management
- Previous Board Experience	- Experienced Managing Director
- Corporate History	

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

The Board Charter requires the disclosure of each Board member’s qualifications and expertise.

Full details of each Directors’ relevant skills and experience are set out in the 2019 Directors’ Report, contained within the 2019 Annual Report.

**Recommendation 2.3: Independent Directors**

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director’s terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Board has two independent directors, Mr Ian McCubbing (Chairman) and Andrew Greville (Non-Executive Director).

Mr Craig Riley is not considered independent on the basis that he is engaged in an executive management role with the Company.

The Board considers the Non-Executive directors 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 these Non-Executive directors 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 they 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.

The Board’s assessment of each current Director is set out below.

<b>Name</b>	<b>Position</b>	<b>Appointment date</b>	<b>Status</b>
Craig Riley	Managing Director	31 March 2019	Non-Independent
Ian McCubbing	Non-Executive Chairman	25 July 2016	Independent
Andrew Greville	Non-Executive Director	18 August 2017	Independent

**Recommendation 2.4: Majority Independence**

As at the date of this Statement, two of our three Directors are deemed independent and the Company does have a majority of independent directors.

The current Board composition reflects an appropriate balance of skills, expertise and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making.

It is noted that the composition of the Board is regularly assessed and subject to changes in the Group’s size and growth will be adjusted as deemed appropriate.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors’ Report of our 2019 Annual Report.

**Recommendation 2.5: Board Chair**

The Chair, Ian McCubbing was appointed to the position on 25 July 2016 and is considered an independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. His role is set out in more detail in the Board Charter.

The roles of Chair and Managing Director are exercised by different individuals, being Ian McCubbing and Craig Riley respectively.

### **Recommendation 2.6: Induction, Education and Training**

In accordance with the Company's Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee is responsible for establishing and reviewing induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

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

#### **Recommendation 3.1: Code of Conduct**

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Corporate Code of Conduct designed to:

- provide a framework for decisions and actions in relation to ethical conduct in employment;
- support the Company's business reputation and corporate image; and
- make Directors' and employees aware of the consequences if they breach the Corporate Code of Conduct.

The Corporate Code of Conduct can be found on our website. The key aspects of this code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures; and
- act in an appropriate business-like manner when representing the Company in public forums.

The Corporate Code of Conduct sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and security of information.

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

#### **Recommendation 4.1: Audit Committee**

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. 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.

The Board has established an Audit Committee, which operates under a formal charter approved by the Board, to which it has delegated the responsibility to establish and maintain the framework of internal control and ethical standards for the management of the company. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. At the date of this report the Committee comprises of two members, all of whom are independent Directors and the Chair of the committee is not the Chair of the Board as follows:

- Andrew Greville – Independent Chair
- Ian McCubbing – Independent Member

It is noted that the Company doesn't currently satisfy the requirement that there be at least three members, however the Company's current size dictates that this is the most efficient mode of operation at the current

time. The Board will review the appointment of further Independent Directors over the next twelve months subject to the Company's size and growth.

The Audit Committee Charter is available on the Company's website at [www.rimfire.com.au](http://www.rimfire.com.au).

Details of each Member's qualifications and experience as well as information regarding meetings held by the Committee during the year and including attendances are set out in the 2019 Directors' Report, contained within the 2019 Annual Report.

#### **Recommendation 4.2: Assurances**

Prior to approval of the Company's financial statements the Board receives from the Managing Director and Chief Financial Officer (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.

#### **Recommendation 4.3: External Auditor**

Our external auditor, BDO East Coast Partnership (BDO) attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

BDO's independence declaration is contained in the Directors' Report in our 2019 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit Committee and Board.

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

#### **Recommendation 5.1: Continuous Disclosure Policy**

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy (Policy), which is available on our website at [www.rimfire.com.au](http://www.rimfire.com.au).

The Board has overarching responsibility for compliance with continuous disclosure obligations.

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 and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

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

### **Recommendation 6.1: Information and Governance**

Information about the Company, including its Annual Reports, half-year reports, quarterly reports, and its corporate governance policies are available on our website at [www.rimfire.com.au](http://www.rimfire.com.au).

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

### **Recommendation 6.2: Investor Relations**

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, we aim to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback;
- Shareholders are encouraged to contact the Company directly with their questions via telephone or email. The Company's 'Contact us' section of its website includes address, telephone, facsimile and email details; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

### **Recommendation 6.3: Shareholder Meeting Participation**

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

### **Recommendation 6.4: Electronic Communication with Shareholders**

Shareholders are encouraged to receive communication from the Company and its share registry, Computershare, electronically. The share registry also provide for electronic lodgement of proxy forms in relation to voting at



Annual General Meetings.

Shareholders queries should be referred to the Company's head office via telephone or email at first instance.

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

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

Due to the size of the Company and its Board, the Board carries out the duties that would ordinarily be carried out by the Risk Committee including the Board devoting time at all Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

The Board did not establish a dedicated Risk Committee for the past financial year and as such did not comply with Recommendation 7.1 in its entirety as the Board did not consider the Company would benefit from its establishment at the current time.

An Audit Committee has been established with responsibility for certain risks matters relating to financial, internal control, legal and regulatory risk.

### **Recommendation 7.2: Risk Management Framework**

The Board is responsible for approving and reviewing the Company's risk management strategy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company regularly undertake reviews of its risk management framework to establish an effective and efficient system for:

- (i) identifying, assessing, monitoring and managing risk; and
- (ii) disclosing any material change to the Company's risk profile.

An assessment of the Company's risk management framework is undertaken and reviewed by the Board, covering all aspects of the business from operational level through to strategic level risks. The Managing Director and Chief Executive Officer has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The Company at least annually undertakes a systematic review of its risks, controls and procedures to ensure they are effective and maintain contemporary practice. The Company has undertaken a review during the past year.

The Company has always had a strong focus on risk in field activities, including workplace health and safety, business risk arising through equipment, community and environmental factors. The Company maintains a risk register and has built a safety and environmental culture into its operations, and monitors compliance with policy and legal requirements.

### **Recommendation 7.3: Internal Audit**

The Audit Committee Charter provides for the Committee to monitor the need for an internal audit function.

The Company did not have an internal audit function for the past financial year. Due to the size of the Company the Board does not consider it necessary to have an internal audit function.

The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- (i) the Audit Committee will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations; and

the Audit Committee will periodically undertake an internal review of financial systems and processes where systems are considered to require improvement these systems are developed.

**Recommendation 7.4: Economic, Environmental and Social Sustainability Risk**

The Company has always had a strong focus on risk in field activities, including workplace health and safety, business risk arising through equipment use, community and environmental factors. The Company maintains a risk register and has built a safety and environmental culture into its operations, and monitors compliance with policy and legal requirements.

The Company meet environmental responsibilities as required by the holding of its exploration licences and applicable permits to conduct discovery work on its Exploration Licences. The Company has a strong emphasis in supporting the local communities it operates in and active management and liaison with local landowners that the Company's tenements and exploration activity may affect. Rimfire respects and recognises the diversity of communities, in which it seeks to accommodate different cultures and heritages.

The Company details the associated risks in its Director's Report in the Company's 2019 Annual Report.

**PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY**

**Recommendation 8.1: Remuneration Committee**

The Board has established a Remuneration and Nomination Committee to assist the Board in ensuring it is equipped to discharge its responsibilities. The Committee has guidelines for the nomination and selection of directors and for the operation of the Board. At the date of this report the Committee comprises of two members, all of whom are independent Directors as follows:

- Andrew Greville – Independent Chair
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It is noted that the Company doesn't currently satisfy the requirement that there be at least three members, however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors over the next twelve months subject to the Company's size and growth.

The Remuneration and Nomination Committee Charter is available on the Company's website at [www.rimfire.com.au](http://www.rimfire.com.au).

Details of meetings held by the Committee during the year and member attendances are set out in the 2019 Directors' Report, contained within the 2019 Annual Report.

**Recommendation 8.2: Remuneration Policies and Practices**

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report of the Directors' Report, contained within the Annual Report.

Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.

**Recommendation 8.3: Equity Based Remuneration Scheme**

The Company had an equity-based remuneration scheme during the past financial year. The Company's Securities Trading Policy prohibits Key Management Personnel entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in equity-based remuneration or in unvested entitlements.