

RESOURCE DEVELOPMENT GROUP LIMITED
ACN 149 028 142
(Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 29 October 2019 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3rd Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. The Board of the Company has not formed an audit and risk management committee, nomination committee, or remuneration committee as described below.

The Company's Corporate Governance Policies are available on the Company's website at <http://resdevgroup.com.au>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
Recommendation 1.1 A listed entity should disclose the respective roles of its board and management and those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and those matters expressly reserved to the Board and those delegated to management. The Board Charter is available on the Company's website.
Recommendation 1.2 A listed entity should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	The Company has an informal process for the selection and appointment of directors to ensure that appropriate checks are undertaken before appointing a person or putting forward to security holders a candidate for election as a Director, including providing all material information relevant to a decision on whether or not to elect or re-elect a Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has in place written agreements with each Director and senior executive, which sets out the terms and conditions of their appointment.

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>Recommendation 1.4</p> <p>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 company.</p>	Yes	<p>The Board Charter provides that the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p> <p>The Board Charter is available on the Company’s website.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes the requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective portions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	No	<p>The Company has not formally established measurable objectives for achieving gender diversity given the current stage of its operations and number of employees. The Board has however adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company’s progress towards achieving them.</p> <p>The Board considers that, due to the size and nature of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.</p> <p>The Diversity Policy is available on the Company’s website.</p>
<p>Recommendation 1.6</p> <p>A listed entity should have and disclose a process for periodically 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.</p>	Yes	<p>The Board has adopted a Performance Evaluation process which set out, amongst other things, the process for evaluating the performance of the Board, its committees (if any), individual Directors and senior executives.</p> <p>The Performance Evaluation Practices process is contained within the Company’s Board Charter which is available on the Company’s website.</p>
<p>Recommendation 1.7</p> <p>A listed entity 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.</p>		As above.

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 2: Structure the board to add value		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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>(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>	No	<p>The Board is of the opinion that the Company is not of a sufficient size to warrant a Nomination Committee, with the full Board set to fulfil those duties.</p> <p>The composition of the Board will be determined using the following principles once the Company is of sufficient size and scale to warrant this:</p> <ol style="list-style-type: none"> (a) The Board shall comprise directors with a range of expertise encompassing the current and proposed activities of the Company, and those which do not, have extensive expertise in significant aspects of auditing and financial reporting, or risk management of large companies. (b) An appropriate number of independent non-executive directors. (c) A non-executive independent director as Chairman. (d) Where a vacancy is considered to exist, the Board selects an appropriate candidate through consultation with external parties, consideration of the needs of the shareholder base and consideration of the needs of the Company.
<p>Recommendation 2.2</p> <p>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>	Yes	<p>The Board has established a Board Skills Matrix. The Board Skills Matrix includes the following areas of knowledge and expertise:</p> <ul style="list-style-type: none"> • Strategic expertise; • Specific industry knowledge; • Accounting and finance; • Risk management; • Experience with financial markets; and • Investor relations. <p>Full details as to each Director's relevant skills and experience are available on the Company's website.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p>	Yes	<ol style="list-style-type: none"> (a) There are currently no directors who are independent. (b) There are currently no independent directors on the Board.

<p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations 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>(c) Andrew Ellison and Gary Reid have both served on the Board since September 2014 and April 2015, respectively. Ivan Ruefli was only recently appointed to the Board in August 2019.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>No</p>	<p>The Board did have one independent director (March 2019 to August 2019) however as a result of his resignation, does not currently have any independent directors.</p> <p>The Board does not currently consider an independent majority of the Board to be appropriate given the Board considers at least two Directors need to be executive directors of the Company to be effectively managed. The Board's desire in the long-term is for the majority of directors to be independent, however considers that its proposed structure is appropriate for the size and complexity of the organisation.</p> <p>The Board has taken the following steps to structure the Board to add value despite not having an independent majority of directors:</p> <p>(a) membership of the Board is focused on providing the Company with a broad base of industry skills and experiences considered necessary to fulfil the business objectives of the Company; and</p> <p>(b) membership of the Board is reviewed on an on-going basis to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's business and its objectives.</p>
<p>Recommendation 2.5</p> <p>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>No</p>	<p>The Chairman, Mr Andrew Ellison, who is not independent, has filled the role of chairperson for some time and will continue to do so for the foreseeable period. The Board's desire in the long-term is for the chairperson's role to be filled by an independent director however the Board considers the current arrangement to be appropriate for the size and complexity of the organisation.</p>
<p>Recommendation 2.6</p> <p>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>Yes</p>	<p>The Company has 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>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1</p> <p>A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.</p>	Yes	<p>The Company has established a Code of Conduct for its directors, officers, employees, contractors and other Company representatives.</p> <p>The Code of Conduct is available on the Company's website.</p>
Principle 4: Safeguard integrity in corporate reporting		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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>(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</p>	No	<p>The Board has not constituted an Audit Committee, given the Company's present size and level of complexity of its operations. Accordingly, the full Board carries out the duties that would ordinarily be carried out by an Audit Committee under the Audit and Risk Committee Charter.</p> <p>The Audit and Risk Committee Charter is available on the Company's website.</p> <p>At present, the Audit and Risk Committee Charter provides that the Audit Committee must comprise at least two directors and is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. In order to perform its role, it is authorised to obtain outside legal or other independent professional advice and to investigate any activity within the Audit and Risk Committee Charter.</p>

<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Yes</p>	<p>The Board, before it approves the entity's financial statements for a financial period, receives from its Chairman or Managing Director (or, if none, the persons fulfilling those functions) 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.</p>
<p>Recommendation 4.3</p> <p>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>	<p>Yes</p>	<p>The external auditor attends the AGM and is available to answer questions from shareholders relevant to the audit and financial statements. The auditor is also allowed reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1</p> <p>A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.</p>	Yes	<p>The Company has established a Continuous Disclosure Policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Chairman and the Company Secretary as the persons responsible for ensuring that this policy will be implemented and enforced and that all required price sensitive information is disclosed to the ASX as required.</p> <p>The Continuous Disclosure Policy is available on the Company's website.</p>
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>The Company's website forms a key part its communications platform to security holders and the broader investment community and contains information about the Company's current projects, Directors and management and corporate governance practices, policies and charters. Current and past ASX announcements, presentations and reports are available for review on the Company's website. These announcements, presentations and reports are posted on the Company's website immediately after they have been released to the market.</p> <p>The full text of all notices of meetings and explanatory material and the Company's Annual Report are available on the Company's website.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communications with investors.</p>	Yes	<p>The Company monitors and continues to utilise a broad range of approaches to enable effective communications with investors, including direct communications with security holders, publication of all relevant Company information on the Company's website, access to market briefings and participation at general meetings. In addition to announcements made in accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company and investors can subscribe to a mailing list available on the Company's website.</p> <p>Security holders can contact the Company via an email address or by phoning the Investor Relations team directly. All feedback received from security holders is considered and dealt with by the appropriate areas within the Company.</p> <p>Contact details are provided on the Company's website.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation of security holders.</p>	No	<p>The Company has established a Shareholder Communication policy which is designed to ensure that the Company provides current and relevant information to its security holders and recognises the value created through the facilitation of security holder access to market briefings and meetings with management.</p> <p>The Company also encourages participation of security holders at its Annual General Meeting each year. The Annual General Meeting represents a key opportunity for security holders to meet the Board and ask questions of the Directors. Security holders have an opportunity to address the Board and vote on resolutions before an Annual General Meeting on important matters such as election and re-election of Directors, any changes to the Company's Constitution and adoption of annual financial statements. Key members of senior management, including the Managing Director, are present and available. Security holders who are not able to attend the Annual General Meeting in person are encouraged to lodge a direct proxy vote or appoint proxies to represent them at the meeting.</p> <p>The full text of all notices of meetings and explanatory material are available on the Company's website.</p> <p>The Shareholder Communications policy is available on the Company's website.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>The Company's share register provides a facility whereby security holders can provide email addresses to receive correspondence from the Company electronically and security holders have the option to contact the share register via telephone, facsimile or email. On an ongoing basis, the Company works closely with its share registry to monitor and review the opportunities available to the Company to better utilise electronic means of communication with investors.</p> <p>Contact details are provided on the Company's website.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director. <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	<p>Given the size of the Company and the resources available to it, it is not proposed that the Board will have a separate Risk Management Committee to oversee risk. Instead, the full Board will be responsible for overseeing risk.</p> <p>As the Company's operations and employee numbers grow once again, the Board will reassess the need for a separate committee to oversee risk.</p>
<p>Recommendation 7.2</p> <p>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 be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Board reviews the Company's Audit and Risk Committee Charter at least annually to ensure that the Company's material risks are managed effectively.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>Recommendation 7.3</p> <p>The listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	No	<p>The Company does not have an internal audit function given its present size and level of complexity of its operations. The Board is responsible for the oversight of its risk management and internal compliance and control process. Responsibility for risk management and control is delegated to the appropriate level of management within the Company, with the Chairman having overall responsibility for the risk management and control processes.</p>
<p>Recommendation 7.4</p> <p>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.</p>	Yes	<p>The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle. The Board currently considers that the Company does not have any material exposure to environmental risks.</p> <p>There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be affected by these economic risks.</p> <p>The Company has in place risk management processes and procedures to identify, manage and minimise its exposure to these economic risks where appropriate.</p> <p>The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs. The Code of Conduct sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behavior expected from employees when dealing with stakeholders.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director. <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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 of those meetings; or <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>	No	<p>Given the size of the Company and the resources available to it, it is not proposed that the Board will have a separate Remuneration Committee. Instead, the full Board will be responsible for performing the role of the Remuneration Committee.</p> <p>As the Company's operations and employee numbers continue to grow, the Board will reassess the need for a separate Remuneration Committee.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>The Company has a Remuneration Committee Charter which separately discloses its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.</p> <p>The Remuneration Committee Charter is available on the Company's website.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based incentive remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or others) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.</p>	Yes	<p>The Company does not currently have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in an equity-based incentive scheme. It does propose to put such a policy in place. The Company has a Share Trading Policy which is available on the Company's website.</p>