



CORPORATE GOVERNANCE STATEMENT

Introduction

Fenix Resources Limited (**Fenix**) aims to achieve best practice in corporate governance and the Company's Board and executives are committed to achieving this goal. Since the introduction of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles** or **the Recommendations**), the Company has sought 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 report. Commensurate with the spirit of the ASX Principles, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance practices is set out on the Company's website at www.fenixresources.com.au.

For FY2020, the Company has reported against the 3rd Edition of the ASX Principles. In February 2019, the ASX Corporate Governance Council introduced the 4th Edition of the ASX Corporate Governance Principles, which apply to Fenix for its financial year commencing 1 July 2020. The Company has reviewed its corporate governance practices against the 4th Edition of the ASX Corporate Governance Principles and will report against these as part of its annual reporting for FY2021.

This Corporate Governance Statement has been approved by the Fenix Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 July 2019 to 30 June 2020. In addition to the information contained in this Corporate Governance Statement, the Company's website contains additional details of its corporate governance practices and procedures.

Explanation for Departures from Best Practice Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report or their website a statement disclosing the extent to which they have complied with the ASX Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where Fenix considered it was not appropriate to comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Principles (3rd Edition).

ASX Principle 1

Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and to ensure the Company is properly managed.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors.

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The Board has adopted a Board Charter which defines the roles and responsibilities expressly reserved to the Board and those delegated to management. A copy of the Board Charter is available on the Company's website.

Appointment and Election of Directors

The Board ensures that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. Security holders will be provided with all relevant information in the Board's possession, relevant on a decision on whether or not to elect or re-elect a Director.

Written Agreements

The Company has a written agreement with each Director setting out the terms of their appointment.

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.

Diversity

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice. The Company currently has one full time employee.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 4 September 2020:

	Females
Females employed in the Company as a whole	Nil
Females employed in the Company in senior positions	Nil
Females appointed as a Director of the Company	Nil

The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company will, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

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The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implemented requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company. The Board will consider the future implementation of gender based diversity measurable objectives when it is more appropriate to the size and nature of the Company's operations.

Board Processes

An agenda for Board meetings is determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Non-Executive Directors and the Company Secretary.

Evaluation of Senior Executive Performance

The Company has not complied with Recommendation 1.7 of the Corporate Governance Council as it did not undertake a formal review of the performance of the Board and its committees, its individual Directors and senior executives for the year ended 30 June 2020.

As the Company progresses its current projects, the Board intends to follow established appropriate evaluation procedures. The Board as a whole assesses the performance of the Chairman, Managing Director and Board generally on an informal basis.

ASX Principle 2

Structure the Board to Add Value

Nomination Committee

The Board has a separate Nomination and Remuneration Committee (the Company's Remuneration Committee was expanded in H1 2020 to include responsibility for nomination matters), membership of which comprises Mr Garret Dixon and Mr Garry Plowright. The Nomination and Remuneration Committee is chaired by independent Director, Mr Dixon and operates pursuant to a Nomination and Remuneration Committee Charter. The Nomination and Remuneration Committee is not comprised of a majority of independent Directors due to the current size of the Board.

Two meetings of the Nomination and Remuneration Committee were held during the reporting period.

Board Composition

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board discussions and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event, a minimum of one third of the Directors are subject to re-election by shareholders at each annual general meeting.

The Directors have been chosen for their particular expertise to provide the Company with a competent and well-rounded decision-making body and which will assist the Company and shareholders in meeting their objectives.

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As at 3 September 2020, the term in office held by each Director in office at the date of this report is as follows and details of the professional skills and expertise of each of the Directors are set out in the Directors' Report.

Name	Position	Term in Office
Mr Garret Dixon	Non-Executive Chairman	Appointed 1 January 2020
Mr Robert Brierley	Managing Director	Appointed 1 June 2018
Mr Garry Plowright	Executive Director	Appointed 21 November 2018

The Directors meet frequently, both formally and informally, so that they maintain a thorough understanding of the Company's business and ensure that the Company's policies of corporate governance are adhered to.

Skills and Experience

The Board has adopted a Board Skills Matrix comprising the key skill sets considered appropriate for the organisation in its present stage.

The Company's Board Skills Matrix includes:

- exploration, mining and development;
- accounting and corporate finance;
- business and industry strategic planning;
- risk management; and
- capital raising and IPOs

The Board believes each of these skill sets is adequately represented in the current Board, with Directors collectively holding technical, financial, legal, managerial, corporate, and commercial skills. At this stage of the Group's development the Board believes that there is an appropriate mix of skills, experience, expertise and diversity on the Board. In the coming years, as the Group assesses development options additional expertise may be required and at that time further consideration will be given to ensuring the Board has an appropriate mix of skills and diversity.

The Board currently comprises three Directors. The Board has assessed the independence of its Directors according to the definition contained within the ASX Principles and has concluded that at the date of this report only one Director, being Non-Executive Chairman Mr Dixon, meets the recommended independence criteria. Despite the fact the Board is not comprised of a majority of independent Directors, the Board has formed the view that its current composition is optimal for the Company at its current stage and the Directors can and do make impartial decisions in the best interests of all shareholders. The Board will look to expand its membership as the Company's operations grow.

Roles of Chairman and Chief Executive Officer (or equivalent)

The current Chairman of the Board, Mr Dixon is an independent director and is not the same person as the Managing Director of the entity, Mr Robert Brierley. Prior to Mr Dixon's appointment on 1 January 2020, Mr Bevan Tarrat held the position of Non-Executive Chairman.

Induction program

The Company has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld or delayed.

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ASX Principle 3
Act Ethically and Responsibly

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Guidelines for Trading in Company Securities

The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information.

The guidelines also provide that the acknowledgement of the Chairman or the Board should be obtained prior to trading. In the case of a Director, acknowledgement from the entire Board must be obtained prior to trading. A summary of the Guidelines is available on the Company's website.

The Company's policy restricts, notwithstanding exceptional circumstances, the trading in Company's securities by those individuals covered by the policy such that the Disclosure Officer (Company Secretary) and at least one Board member's clearance is required prior to any trading.

ASX Principle 4
Safeguarding Integrity in Corporate Reporting

Audit and Risk Committee

The Company's Audit and Risk Committee membership comprises Mr Dixon, Mr Plowright and Mr Brierley and is chaired by Mr Dixon, who is considered independent. The Audit and Risk Committee Charter is available on the Company's website. Membership of the Audit and Risk Committee is not in accordance with ASX Principle 4 due to the size of the current Board. The Company will review this position as the operations grow.

Qualifications and experience of members of the Audit and Risk Committee are found under the Directors' profile in both the Annual Report and on the Company's website at Directors and Management. During the reporting period, no meetings of the Audit and Risk Committee were held, with all audit and risk matters considered by the full Board.

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. Performance of the external auditor is reviewed annually by the Board. Audit Partner rotation is as required by the Corporations Act 2001. The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Financial Reporting

The Board relies on its Directors to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Board and is discussed by the Board at its Board meetings.

Before it approves the Company's financial statements for a financial period, the Board receives a declaration from each of the Managing Director and CFO (or equivalent) 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.

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ASX Principle 5

Make Timely and Balanced Disclosure

Continuous Disclosure

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the ASX's Listing Rules. The Company has established written policies and procedures, designed to ensure compliance with the ASX Listing Rule Requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council. A copy of the Company's Disclosure Policy is available on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's Disclosure Officer.

ASX Principle 6

Respect the Rights of Security Holders

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal Shareholder Communication Policy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the policy is available on the Company's website.

In addition to electronic communication via the ASX website, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company website at www.fenixresources.com.au

Security holders have the option to receive communications from, and send communications to, the Company and its security registry electronically.

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

ASX Principle 7

Recognise and Manage Risk

Risk Management Policy

The Company's Audit and Risk Committee comprises Mr Dixon, Mr Brierley and Mr Plowright and is Chaired by Mr Dixon, who is considered independent. The Audit and Risk Committee Charter is available on the Company's website.

Membership of the Audit and Risk Committee is not in accordance with ASX Principle 4 due to the size of the current Board. The Company will review this position as the operations grow.

Qualifications and experience of members of the Audit and Risk Committee are found under the Directors' profile in both the Annual Report and on the Company's website at Directors and Management. During the reporting period one meeting of the Audit and Risk Committee was held. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

During the reporting period, no meetings of the Audit and Risk Committee were held, with all audit and risk matters considered by the full Board.

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Risk management and the internal control system

The Board has responsibility for identifying, assessing, treating and monitoring risks.

In order to implement the Company's Risk Management Policy, it was considered important that the Company establish an internal control regime in order to:

- Assist the Company to achieve its strategic objectives;
- Safeguard the assets and interests of the Company and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

Key identified risks to the business are monitored on an ongoing basis, and at least annually, as follows:

- Business risk management

The Company manages its activities within budgets and operational and strategic plans.

- Internal controls

The Board has implemented internal control processes typical for the Company's size and stage of development. It ensures the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.

- Financial reporting

Directors approve budgets for the Company and review performance against budgets at each Board Meeting.

- Environment and safety

The Company is committed to ensuring that sound environmental management and safety practices are maintained in its exploration activities. This is achieved by training staff and ensuring that they are aware of and follow all legislative, Company and industry standards in relation to environmental management and safety practices.

The Company's risk management strategy is evolving and its development is an ongoing process. It is recognised that the level and extent of the strategy will develop with the growth of and changes in the Company's activities.

The Company has not yet developed a formal risk management and internal control system to identify and manage material business risks.

Risk Reporting

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks that have been identified and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company's affairs are not of sufficient complexity to justify the implementation of a more formal system than that which is in place for identifying, assessing, monitoring and managing risk.

Material risks

Economic, Environmental and Social Sustainability Risks

The Company is focused on the discovery and exploitation of mineral deposits and operates in diverse physical environments. As a result, there is some potential for material exposure to economic, environmental and social sustainability risks.

The Company is very aware of the potential for risk in this area and is committed to ensuring that sound environmental management and safety practices are carried out in its exploration activities.

Fenix's underlying goals relating to environmental sustainability are to minimise any adverse impacts upon the environment resulting from the Company's activities.

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The Company's activities are conducted in a manner that minimises our environmental "footprint" as much as possible and are conducted strictly in accordance with all necessary permits and approvals from regulators.

The Company does not believe it is of a size that warrants an internal audit function. The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

- Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets;
- Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested; and
- Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

ASX Principle 8

Remunerate Fairly and Responsibly

Remuneration Committee

The Board has a separate Nomination and Remuneration Committee (formerly the Remuneration Committee) that comprises Mr Dixon and Mr Plowright. The Remuneration Committee is Chaired by independent Director, Mr Dixon. The Committee operates pursuant to a Nomination and Remuneration Committee Charter. The Nomination and Remuneration Committee is not comprised of a majority of independent Directors due to the current size of the Board.

The Nomination and Remuneration Committee is responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

Two meetings of the Nomination and Remuneration Committee were held during the reporting period.

Distinguish Between Executive and Non-Executive Remuneration

The Company distinguishes between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.2 of the Corporate Governance Council.

Executive Directors may receive remuneration which may include performance based components, designed to reward and motivate, which may include the granting of share options or performance rights, subject to shareholder approval and vesting conditions relating to continuity of engagement.

Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings. In the current financial year, Non-Executive Directors received equity based remuneration and further details are outlined in the Annual Report.

The Nomination and Remuneration Committee Charter ensures that participants do not enter into transactions (whether through the use of derivatives) or otherwise) which limit the economic risk and participation in the scheme.

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