

CORPORATE GOVERNANCE STATEMENT 2018/19

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 adopts the Eight Essential Corporate Governance Principles and Best Practice Recommendations ('Recommendations') published by the Corporate Governance Council of the ASX.

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 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>
	(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		
1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Y		

Principle	Recommendation	Conform (Y/N)	Disclosure
	<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 achieving them;</p> <p>(b) disclose that policy or summary of it; and</p>	<p>Y</p> <p>N</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>A Diversity policy has not been established.</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 a diversity policy is justified at this time.</p>

Principle	Recommendation	Conform (Y/N)	Disclosure
	<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>(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>(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> <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>N</p> <p>N</p>	<p>Empire Resources has 1 employee, of which none are women. There are no women in senior executive positions or on the board</p> <p>Empire does not have in place a formal process for evaluation of the Board, its committees, individual directors and key executives.</p> <p>Explanation for Departure</p> <p>Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations of the Company justifies this.</p>

Principle	Recommendation	Conform (Y/N)	Disclosure
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		
2 – Structure the Board to add value	<p>2.1 The Board of a listed entity should:</p> <p>(a) have a Nomination Committee which:</p> <p style="padding-left: 20px;">(1) has at least three members, a majority of whom are independent Directors; and</p> <p style="padding-left: 20px;">(2) is chaired by an independent Director,</p> <p>and disclose:</p> <p style="padding-left: 20px;">(3) the charter of the Committee;</p> <p style="padding-left: 20px;">(4) the members of the Committee; and</p> <p style="padding-left: 20px;">(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 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</p>	<p>N</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>Y</p> <p>Y</p>	<p>Separate nomination and audit committees have 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 an audit committee and a nomination committee and adheres to their respective Charters. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.</p> <p>Refer Appendix A</p>

Principle	Recommendation	Conform (Y/N)	Disclosure
	<p>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>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</p>	<p></p> <p>Y</p> <p>N/A</p> <p>Y</p> <p></p> <p>Y</p> <p>N</p>	<p></p> <p>The Company does have a majority of independent directors, with only one of the 4 Board members not being independent, that being the Managing Director.</p> <p>Disclosure: Skills, Experience, Expertise and term of office of each Director A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.</p> <p>Statement concerning availability of Independent Professional Advice 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>Refer 2.3.</p> <p>The Chairman of the Board, Mr Lee Christensen, is an independent, non-executive Director.</p>

Principle	Recommendation	Conform (Y/N)	Disclosure
	professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.		
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>N</p> <p>N</p>	<p>Empire has not established a formal code of conduct.</p> <p>Explanation for Departure: The Board considers that its business practices, as determined by the Board and key executives, are the equivalent of a code of conduct.</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 style="padding-left: 20px;">(1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p style="padding-left: 20px;">(2) is chaired by an independent Director, who is not the chair of the Board,</p> <p>and disclose:</p> <p style="padding-left: 20px;">(3) the charter of the Committee;</p> <p style="padding-left: 20px;">(4) the relevant qualifications and experience of the members of the Committee; and</p> <p style="padding-left: 20px;">(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>N</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>Refer comments to 2.1 under “Disclosure”</p>

Principle	Recommendation	Conform (Y/N)	Disclosure
	<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 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>	<p>N/A</p> <p>Y</p> <p>Y</p>	<p>The Board as a whole considers those matters that would usually be the responsibility of an audit committee</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> <p>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.</p>
<p>5 – Make timely and balanced disclosure</p>	<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>	<p>N</p>	<p>Empire has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.</p> <p>Explanation for Departure</p> <p>The Directors have a long history of involvement with public listed companies and are familiar with the disclosure requirements of the ASX</p>

Principle	Recommendation	Conform (Y/N)	Disclosure
			<p>listing rules.</p> <p>The Company has in place informal procedures that it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the Managing Director and the Company Secretary as being responsible for all matters relating to disclosure.</p>
<p>6 – Respect the rights of security holders</p>	<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</p>	<p>Y</p> <p>N</p> <p>N</p> <p>Y</p>	<p>Empire has not established a formal Shareholder communication strategy.</p> <p>Explanation for Departure</p> <p>While the Company has not established a formal Shareholder communication strategy, it actively communicates with its Shareholders in order to identify their expectations and actively promotes Shareholder involvement in the Company. It achieves this by posting on its website copies of all information lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.</p> <p>Shareholders are able to make contact with and receive communications</p>

Principle	Recommendation	Conform (Y/N)	Disclosure
	option to receive communications from, and send communications to, the entity and its security registry electronically.		from both the Share Registry and the Company 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>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</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 formal procedures 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.</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 be sound; and</p>	Y	The Board identifies operational risk categories to assist with risk identification, measurement and provide a basis for organising and reporting outcomes. It also identifies the mitigating practices & controls identified by management.

Principle	Recommendation	Conform (Y/N)	Disclosure
	(b) disclose, in relation to each reporting period, whether such a review has taken place.	Y	
	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: (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	N N/A N/A N/A 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 address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance

Principle	Recommendation	Conform (Y/N)	Disclosure
	<p>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>	Y	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.
	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.	Y	The information provided in the Remuneration Report is audited as required by section 308(3C) of the Corporations Act 2001.
	<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 scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	N	Any securities issued would be unlisted therefore no policy in place.

Board Skills Matrix

	BOARD OF DIRECTORS			
	Lee Christensen	David Sargeant	Chris Banasik	Brett Fraser
Term Expiration Date				
Month/Year	November 2019	N/A	November 2019	November 2019
Length of service				
	April 2018	April 2000	July 2018	July 2018
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	✓	✓	✓	✓
Legal	✓	-	-	-