

**GRANGE RESOURCES LIMITED**  
**CORPORATE GOVERNANCE STATEMENT**  
**31 DECEMBER 2017**

ASX Corporate Governance Principles and Recommendations – Third Edition released March 2014

Corporate Governance is framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations.

- Provides Investor Confidence
- This is about how we run our Companies, not just what we include in our Corporate Governance Statements in Annual Report
- Applies to all ASX listed companies – use the if not why not approach
- Under ASX listing Rule 4.10.3 need to include Corporate Governance Statement in Annual Report that meets the requirements of the rule (or detail URL for the page in its website where such a statement is located). Statement must include how corporation is following each individual recommendation
- If Corporate Governance Statement not Contained within Annual Report, it must be lodged at same time as Annual Report
- There are 29 Recommendations with commentary - however the commentary provided is for guidance only and does not trigger disclosure obligations under ASX Listing Rules.
- In Corp Government Statement ensure appropriate commentary is given on how the guideline has been met not just “the entity complies with this recommendation”.
- Also ensure detailed commentary is made when recommendation not complied with other than “due to size and circumstance”.

**8 key principles:**

1. Lay solid foundations for management oversight
2. Structure Board to add value
3. Act ethically and responsibly
4. Safeguard integrity in corporate reporting

5. Make timely and balanced disclosure
6. Respect rights of security holders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

Principle	Recommendations	Commentary
<p><b>1. Lay solid foundations for management oversight:</b></p> <p>Roles and responsibilities for board and management and how their performance is monitored and evaluated.</p>	<p>1.1: Listed Entity should disclose:</p> <ol style="list-style-type: none"> <li>a) respective roles and responsibilities of its board and management; and</li> <li>b) those matters expressly reserved to the board and those delegated to management</li> </ol>	<p>The Company's Constitution vests management and control of the business and the Company's affairs in the Board.</p> <p>The Board's primary role is to enhance shareholder value. It is responsible for providing a leadership role and for providing overall stewardship of the organisation. The Board oversees Grange's strategic direction and the conduct of business activities by the management team for the benefit of Grange shareholders.</p> <p><i>Board Functions</i></p> <p>Specific accountabilities and responsibilities of the Board include:</p> <ul style="list-style-type: none"> <li>) Developing long-term objectives and strategy in conjunction with management;</li> <li>) Reviewing and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;</li> <li>) Reviewing and approving policies, goals, targets and budgets;</li> <li>) Defining and setting performance expectations for the Company and monitoring actual performance;</li> <li>) Appointing and reviewing the performance of the Managing Director and senior management;</li> <li>) Assuring itself that there are effective health, safety, environmental and operational procedures in place;</li> <li>) Ensuring that there is effective budgeting and financial supervision and that appropriate audit arrangements are in place;</li> <li>) Satisfying itself there are effective reporting systems that will assure the Board that proper financial, operational, compliance,</li> </ul>

		<p>risk management and internal control processes are in place and functioning appropriately;</p> <ul style="list-style-type: none"> <li>) Satisfying itself that the annual financial statements of the Company fairly and accurately set out the financial position at year end, and the financial performance during the year;</li> <li>) Assuring itself that the Company has adopted a Code of Corporate Ethics and that Company practice is consistent with that Code;</li> <li>) Reporting to and advising shareholders;</li> <li>) Practicing and exhibiting the Company's values; and</li> <li>) Having an awareness of the statutory obligations imposed on Board members and ensuring there are appropriate standards of corporate governance.</li> </ul> <p>A copy of the Board's Charter can be found on Grange Resources website in the policies section.</p>
	<p>1.2: Listed Entity should:</p> <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</li> <li>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</li> </ul>	<p>Attached to the AGM Notice of Meeting for 2017 the following information were included for all directors up for re-election:</p> <ul style="list-style-type: none"> <li>- Biographical details,</li> <li>- Other material directorships,</li> <li>- If 1<sup>st</sup> election: <ul style="list-style-type: none"> <li>▪ Material adverse info,</li> <li>▪ Interest/position/association that may influence or impact independent judgement,</li> <li>▪ If board considers them independent.</li> </ul> </li> <li>- If re-election: <ul style="list-style-type: none"> <li>▪ Term of office currently served,</li> <li>▪ If board considers them independent.</li> </ul> </li> </ul>
	<p>1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>There are Letters of appointment for each of the directors on Grange Resources' Board.</p>

	<p>1.4: The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.</p>	<p>The Company Secretary of Grange Resources Limited is Piers Lewis. Some of his responsibilities include:</p> <ul style="list-style-type: none"> <li>- Advise the Board on Corporate Governance matters,</li> <li>- Monitor that they follow policy and procedure,</li> <li>- Coordinate timely completion and despatch of board and committee papers,</li> <li>- Ensure business at meetings are accurately captured in minutes, and</li> <li>- Help organise and facilitate induction and professional development of directors.</li> </ul> <p>Each director is able to communicate directly with the company secretary and vice versa.</p>
	<p>1.5: Listed Entity should:</p> <ol style="list-style-type: none"> <li>a) Have a diversity Policy which includes requirements for Board/Committee to see measurable objectives for achieving gender diversity and assess them and achieving them annually</li> <li>b) disclose that policy</li> <li>c) disclose at end of reporting period how objectives are being achieved via: <ol style="list-style-type: none"> <li>(i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or</li> <li>(ii) if entity is a “relevant employer” under the Workplace Gender Equality Act, the entities most recent “Gender Equality Indicators” as defined in the Act.</li> </ol> </li> </ol>	<p>Grange recognises that our employees are our most valuable resource and the means by which we will achieve safe, sustainable, cost effective production. Diversity is one of many elements which helps create sustainable value for our shareholders. Grange takes a broad and all-encompassing view of diversity. Diversity is about accepting, respecting and understanding that each person is unique.</p> <p>In November 2011 the Board approved a Diversity Policy. The policy highlights that an individual's differences can be along the lines of race, cultural background, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs or other ideologies.</p> <p>Diversity can also include an extensive range of individual characteristics and experiences such as communication styles, career path, educational background, family responsibilities and marital status which may influence personal perspectives.</p> <p>The policy details how Grange supports diversity in its work place. This includes:</p> <ul style="list-style-type: none"> <li>) Undertaking recruitment of employees at all levels from as diverse a pool of qualified candidates as reasonably possible;</li> </ul>

- ) Recruiting and selecting on the basis of merit (skills, qualifications, abilities and achievements);
- ) Providing fair and equal access to employees so that no one person or group of people is treated any less favourably or more favourably than others;
- ) Providing a positive and safe work environment that promotes job satisfaction and one in which all employees feel they are valued, treated fairly and recognised for their contribution;
- ) Treating all employees fairly and with respect and dignity as detailed in the Company's values and the Code of Business Ethics and Conduct and Fair Treatment Policy;
- ) Maintaining a comprehensive range of contemporary policies as part of the "Grange Cares" program covering recruitment, behaviour at work, fair treatment, performance as well as training and personal development;
- ) Reinforcing a performance oriented and merit based organisational culture in which remuneration practices reward and retain employees equally based on performance and potential regardless of gender;
- ) Providing training and personal development plans to maximise safety awareness, job performance and productivity, and the opportunity for promotion;
- ) Complying with anti-discrimination and equal employment legislation;
- ) Initiating and supporting actions in our communities which foster diversity and equal opportunities; and
- ) Integrating Board approved diversity targets into business and workforce planning.

In addition the policy also explains how the Board demonstrates its commitment to diversity. This includes:

- ) Using professional intermediaries to source suitably qualified candidates for Board positions;

		<ul style="list-style-type: none"><li>) Providing translation services and other administrative arrangements to accommodate non English speaking Board members;</li><li>) Assuming responsibility for establishing and reviewing measurable diversity targets (with the assistance of the Remuneration and Nominations Committee);</li><li>) Reporting on gender participation in the Annual Report each year;</li><li>) Online compliance training provided to employees; and</li><li>) Annually reviewing the Diversity Policy.</li></ul> <p>A copy of the Policy is on the Company's website in the policy section.</p> <p>The Company has two female Board members, one who is also Chairperson. In addition the Grange Board has cultural diversity with three of the five directors being of overseas origin.</p> <p>The Company defines executives as those professional or managerial team members who report directly to the CEO or Board. Of the four executives reporting directly to the CEO or Board, none are women. The Company conducts performance based reviews at least annually of all employees and monitors the number of women progressing through its professional and technical ranks.</p> <p>The table below indicates the participation of women in the general workforce for the Company as at 31 December 2017:</p>
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Workforce Segment	% of Total Workforce in Segment	As at 31 Dec 2017 % of Women in Segment	As at 31 Dec 2016 % of Women in Segment	Measurable Diversity Targets
Supervisory / Administrative	11%	14%	14%	<i>No specific target For these individual categories. Overall target of 10% for all three Categories by 2018</i>
Operations / Maintenance	80%	5%	4%	
Professional / Managerial	9%	14%	17%	15% by 2018
<b>Total workforce</b>	<b>100%</b>	<b>7%</b>	<b>35%</b>	<b>10% by 2018</b>

As at 31 December 2017 the number of women in the Company's workforce was 33. This represents an overall participation rate of 7% (2016: 4%). Women comprise 5% of operations and maintenance roles, 14% of administration and supervisory roles and 14% of senior professional roles and managerial roles.

In early 2012 the Company established measurable diversity objectives. In developing its objectives the Board considered the location and nature of the Company's operations as well as the potential impact of its major development project.

		<p>As a result, for the foreseeable future the Company will be based at Grange's Tasmanian operations. Both Savage River and Port Latta are mature and established operations and by mining industry standards have a stable workforce with very low levels of staff turnover. Consequently there are limited opportunities for the Company to improve diversity through recruitment.</p> <p>In 2014 the Company reviewed its diversity objectives in the light of the changed operational landscape and market conditions. As a result amendments have been made to the timeframe for the attainment of its diversity objectives with 2018 being considered a more realistic target. The Company continues to aim to have women comprising 15% of senior professional / managerial roles and to increase the overall proportion of women in the workforce to 10%. The Board will continue to review progress against these targets at regular intervals.</p>
	<p>1.6: A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>A copy of the Board Performance Evaluation Process can be found in the Corporate Governance section of the Company's website. The performance of the Board is reviewed regularly by the Chairperson. The Chairperson conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors are assessed is aligned with the financial and non-financial objectives of Grange Resources Limited. Primarily, the review will be carried out through consultation by the Chairperson and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.</p> <p>During December 2017 to February 2018, a formalised internal review of each director and senior management's performances over a wide ranging set of criteria was undertaken. All directors' performances met performance criteria.</p>



	<p>1.7: A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>The performance of the CEO is reviewed regularly by the Chairperson. The Chairperson conducts performance evaluations which involve an assessment of the CEO's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which executives are assessed is aligned with the financial and non-financial objectives of Grange Resources Limited. Primarily, the review will be carried out through consultation by the Chairperson and the CEO. If the CEO's performance is consistently unsatisfactory may be asked to resign.</p> <p>During December 2017 to February 2018, a formalised internal review of each director and senior management's performances over a wide ranging set of criteria was undertaken. All senior executives' performances met performance criteria.</p>
<p><b>2. Structure the Board to add value:</b></p> <p>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p>	<p>2.1: The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>a) Have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by a independent director;</li> <li>(iii) and disclose:</li> <li>(iv) the charter of the committee;</li> <li>(v) the members of the committee; and</li> <li>(vi) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it</li> </ul>	<p>The Remuneration and Nomination Committee's overall role is to ensure that Grange's remuneration policies and practices are consistent with the Company's goals and objectives.</p> <p>The Committee is responsible for making recommendations to the Board on all aspects of appointment, remuneration and termination pertaining to the CEO and to review the appointment, remuneration or termination of other senior employees as requested by the Board, Chairperson or CEO. It is also responsible for making recommendations on non-executive director remuneration and addressing relevant remuneration issues generally.</p> <p>In addition to its remuneration responsibilities the Committee also undertakes Board nomination and appointment functions. It assesses the skills required by the Board, prepares and reviews the Board's succession plan and implements processes to identify and recruit suitable candidates for appointment as non-executive directors.</p>

	<p>to discharge its duties and responsibilities effectively.</p>	<p>The Remuneration and Nomination committee comprises of three members as shown below:</p> <table border="1" data-bbox="1236 260 2013 518"> <thead> <tr> <th></th> <th></th> <th>Meetings attended</th> <th>Total meetings</th> </tr> </thead> <tbody> <tr> <td>Daniel Tenardi (Chairperson)</td> <td>Independent</td> <td>5</td> <td>5</td> </tr> <tr> <td>Michelle Li</td> <td>Independent</td> <td>4</td> <td>5</td> </tr> <tr> <td>Yan Jia</td> <td>Not independent</td> <td>5</td> <td>5</td> </tr> </tbody> </table> <p>A copy of the Charter for the remuneration and nomination committee can be found in the policies section of Grange Resources website.</p>			Meetings attended	Total meetings	Daniel Tenardi (Chairperson)	Independent	5	5	Michelle Li	Independent	4	5	Yan Jia	Not independent	5	5								
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Yan Jia	Not independent	5	5																							
	<p>2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company identifies the following as the main areas of skills required by the Board to successfully service the Company. The Directors have been measured to these areas in the skills matrix:</p> <table data-bbox="1236 818 2013 1418"> <thead> <tr> <th></th> <th>Number of Directors that meet the skill</th> </tr> </thead> <tbody> <tr> <td>Executive and Non-Executive experience</td> <td>5</td> </tr> <tr> <td>Industry experience and knowledge</td> <td>3</td> </tr> <tr> <td>Leadership</td> <td>4</td> </tr> <tr> <td>Corporate governance and Risk Management</td> <td>3</td> </tr> <tr> <td>Strategic thinking</td> <td>5</td> </tr> <tr> <td>Desired behavioural competencies</td> <td>5</td> </tr> <tr> <td>Geographic experience</td> <td>5</td> </tr> <tr> <td>Capital Markets experience</td> <td>1</td> </tr> <tr> <td>Subject matter expertise</td> <td></td> </tr> <tr> <td>- accounting</td> <td>1</td> </tr> <tr> <td>- capital management</td> <td>3</td> </tr> </tbody> </table>		Number of Directors that meet the skill	Executive and Non-Executive experience	5	Industry experience and knowledge	3	Leadership	4	Corporate governance and Risk Management	3	Strategic thinking	5	Desired behavioural competencies	5	Geographic experience	5	Capital Markets experience	1	Subject matter expertise		- accounting	1	- capital management	3
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		<ul style="list-style-type: none"><li>- corporate financing 1</li><li>- industry taxation 0</li><li>- risk management 3</li><li>- legal 0</li><li>- IT expertise 0</li></ul> <p>As can be seen the main areas identified are well represented by the Directors. With regards to Legal, Industry taxation and IT expertise there is a known skills shortage however these skills have been successfully outsourced to experienced consultants in the market, to the point where the Board is comfortable they are being met. The Board review the skills matrix annually.</p>
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2.3: A listed entity should disclose:

- a) the names of the directors considered by the board to be independent directors
- b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and
- c) the length of service of each director.

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Grange Resources Limited are considered to be independent when they are independent 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 exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- ) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- ) is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- ) has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- ) is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- ) has a material contractual relationship with the Company or another Company member other than as a Director.

		Director	Independent	Non-Executive	Term in Office
		Michelle Li	Yes	Yes	4 years & 2 months
		Daniel Tenardi	Yes	Yes	3 years & 11 months
		Mike Dontschuk	Yes	Yes	8 months
		Yan Jia	No – representative of substantial shareholder	Yes	3 years & 9 months
		Honglin Zhao	No – Executive Director	No	7 years & 6 months
	2.4: A majority of the Board of a listed entity should be independent directors.	The Board is currently comprised of four non-executive Directors, and one executive Director, three are independent.			
	2.5: The Chair of a 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.	In recognition of the importance of independent views and the Board’s role in supervising the activities of management the Chairperson Michelle Li is an independent, non-executive director.			
	2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and	The Company Secretary provides new Directors who are new to Grange with an extensive information pack containing a range of relevant company information. It includes:			

	<p>maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Company Constitution</li> <li>• Corporate / Strategic Plan</li> <li>• Board papers for the last two months</li> <li>• Recent ASX Announcements</li> <li>• Directors' Handbook</li> </ul> <p>The Directors' Handbook contains extensive information about the operation and practices of the Grange Board. Directors are expected to be familiar with the contents of the Directors' Handbook.</p> <p>Site tours are organised for independent directors and training on directors' duties is offered to all Board members on a periodic basis.</p> <p>The Company Secretary meets with each new Director to reiterate their duties and to respond to questions. The CEO introduces them to the staff team and organises site tours in order to familiarise them with the operations of the company. Existing Directors are encouraged to participate in appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a Director. The Chairperson of the Board of Grange Resources Limited assess individual Board members skills during the performance review of each director. Any training or skill gaps identified are tabled to the Board to consider options to fill gaps identified.</p>
<p><b>3. Act Ethically and Responsibly:</b></p> <p>A listed entity should act ethically and responsibly.</p>	<p>3.1: A listed entity should:</p> <ol style="list-style-type: none"> <li>a) Have a code of conduct for its directors, senior executives and employees; and</li> <li>b) disclose that code of conduct or a summary of it.</li> </ol>	<p>The Board acknowledges its responsibility to set the ethical tone and standards of the Company. Accordingly it has clarified the standards of ethical and professional behaviour required of Directors, employees and contractors through the establishment of a Code of Ethics and Conduct Policy.</p> <p>The Code requires all Directors, employees and contractors to conduct business with the highest ethical standards, including compliance with the</p>

		<p>law, and to report or avoid conflict of interest situations. Compliance with the Code is mandatory with breaches taken seriously.</p> <p>In addition the Board has a dedicated Code of Conduct which provides Directors with clear and unambiguous guidance as to the minimum standards of behaviour which is required of Grange's Directors undertaking Grange activities or whenever they are representing Grange.</p> <p>Copies of the Code of Ethics and Conduct and the Board Code of Conduct are located on the Company's website</p>
<p><b>4. Safeguard Integrity in corporate reporting:</b></p> <p>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</p>	<p>4.1: The board of a listed entity should:</p> <p>a) have an audit committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, who is not the chair of the board;</li> <li>(iii) And disclose:</li> <li>(iv) the charter of the committee</li> <li>(v) the relevant qualifications and experience of the member of the committee; and</li> <li>(vi) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or</li> </ul> <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</p>	<p>The Audit and Risk Committee is the custodian of the external audit relationship and assists the Board to assure itself that there are within the Group appropriate and effective financial reporting, auditing, legal and regulatory requirements, compliance and reporting systems, internal control and business risk management systems and internal and external audit functions processes and practices. In particular it:</p> <ul style="list-style-type: none"> <li>) Reviews and approves the accounting policies applied by each Group entity;</li> <li>) Reviews the draft half-year and annual consolidation financial reports of the Group prior to submission to the Board for approval;</li> <li>) Reviews external auditor and reports progress on implementation of recommendations;</li> <li>) Makes recommendations to the Board on the appointment/re-appointment of the external auditor and reviews and approves the annual external auditor engagement letter and fee;</li> <li>) Reviews and approves the annual external audit proposal and determines the scope and terms of the annual audit engagement;</li> <li>) Reviews the performance of the external auditor (periodically benchmarking the cost and scope) and reports to the Board;</li> <li>) Ensures that the external auditor is provided with unfettered access to management, staff, records and the facilities of the Company;</li> </ul>

auditor and the rotation of the audit engagement partner.

- ) Oversees and reports to the Board upon the internal control and business risk arrangements adopted by management in implementing Board policies;
- ) Overseas Group compliance with statutory responsibilities; and
- ) When considering the annual and half-yearly consolidated financial reports of the Group, reviews the key accounting policies, carrying value of assets, provisions and other accounting issues.

It advises on and monitors Grange's governance practices and assists the Board to assure itself that there is an appropriate and effective process for the direction and control of the Group. In particular it:

- ) Reviews the way the Board and its committees work and their evaluation processes;
- ) Monitors the management systems and processes in place for compliance with laws and regulatory requirements; and
- ) Monitors the management systems in place for addressing significant business risks and the framework of internal management controls.
- ) Monitors compliance issues, particularly compliance with the ASX Listing Rules.

The audit committee comprises of three members as shown below:

		Meetings attended	Total meetings
Mike Dontschuk (Chairperson)	Independent	3	3
Michelle Li	Independent	6	6
Daniel Tenardi	Independent	6	6

Qualifications and experience of the member of the committee can be found on Grange Resources website in the Board of Directors section.



		A copy of the Charter for the audit and risk committee can be found in the policies section of Grange Resources website.
	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>The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:</p> <ul style="list-style-type: none"> <li>(a) The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;</li> <li>(b) The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and</li> <li>(c) The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.</li> </ul> <p>As a matter of process the Grange Resources Limited Board receive this certification from the CEO and CFO, or those within the entity that perform the duties of the CEO and CFO, outlining compliance with Principle 4.2 before the finalisation of any financial statements.</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	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 preparation and content of the audit report.
<p><b>5. Make Timely and Balanced Disclosure:</b></p> <p>A listed entity should make timely and balanced disclosure of all matters</p>	<p>5.1: A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b) disclose that policy or a summary of it</li> </ul>	<p>A copy of the "Disclosure Policy" can be found in the policies section of the Company's website.</p> <p>The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:</p>

concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

- ) be factual and subject to internal vetting and authorisation before issue;
- ) be made in a timely manner;
- ) not omit material information;
- ) be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- ) be in compliance with ASX Listing Rules continuous disclosure requirements; and
- ) be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairperson or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

The Company's "Disclosure Policy" described above reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

<p><b>6. Respect the Rights of Security Holders:</b></p> <p>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</p>	<p>6.1: A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Grange Resources Limited has a comprehensive website found at <a href="http://www.grangeresources.com.au">www.grangeresources.com.au</a>, where there are links to directors and their details, constitution, charters, corporate governance policies. Also included are links to all financial reports, announcements, notice of meeting's, research reports and presentations and any external media commentary made on the Company.</p> <p>Details on operations including projects is also included.</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>The Company has established a Shareholder Communications policy which underpins the investor relations program. A copy of this policy can be found on the Company's website.</p> <p>The Board's policy is to seek to inform shareholders of all major developments affecting the Company by allowing investors and other financial market participants to gain a greater understanding of the entity's business, governance, financial performance and prospects.</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>The Company has policies and procedures that enable shareholders to receive the reports and participate in shareholder meetings by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed for voting at the Annual General Meeting or any General Meetings that arise. Shareholders who have made an election receive a copy of the Company's Annual Report by mail; otherwise, the Annual Report is available on the Company's website.</p>

	6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company has the capability to communicate with shareholders electronically through its website, email communications and via the share registry. Electronic contact details are provided on the Company's website.
<p><b>7. Recognise and Manage Risk:</b></p> <p>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p>	<p>7.1: The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director,</li> <li>(iii) and disclose:</li> <li>(iv) the charter of the committee;</li> <li>(v) the members of the committee; and</li> <li>(vi) 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</li> </ul> <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>	<p>The Audit and Risk Committee is the custodian of the external audit relationship and assists the Board to assure itself that there are within the Group appropriate and effective financial reporting, auditing, legal and regulatory requirements, compliance and reporting systems, internal control and business risk management systems and internal and external audit functions processes and practices. In particular it:</p> <ul style="list-style-type: none"> <li>) Reviews and approves the accounting policies applied by each Group entity;</li> <li>) Reviews the draft half-year and annual consolidation financial reports of the Group prior to submission to the Board for approval;</li> <li>) Reviews external auditor and reports progress on implementation of recommendations;</li> <li>) Makes recommendations to the Board on the appointment/re-appointment of the external auditor and reviews and approves the annual external auditor engagement letter and fee;</li> <li>) Reviews and approves the annual external audit proposal and determines the scope and terms of the annual audit engagement;</li> <li>) Reviews the performance of the external auditor (periodically benchmarking the cost and scope) and reports to the Board;</li> <li>) Ensures that the external auditor is provided with unfettered access to management, staff, records and the facilities of the Company;</li> <li>) Oversees and reports to the Board upon the internal control and business risk arrangements adopted by management in implementing Board policies;</li> <li>) Oversees Group compliance with statutory responsibilities; and</li> </ul>

- ) When considering the annual and half-yearly consolidated financial reports of the Group, reviews the key accounting policies, carrying value of assets, provisions and other accounting issues.

It advises on and monitors Grange's governance practices and assists the Board to assure itself that there is an appropriate and effective process for the direction and control of the Group. In particular it:

- ) Reviews the way the Board and its committees work and their evaluation processes;
- ) Monitors the management systems and processes in place for compliance with laws and regulatory requirements; and
- ) Monitors the management systems in place for addressing significant business risks and the framework of internal management controls.
- ) Monitors compliance issues, particularly compliance with the ASX Listing Rules.

The audit and risk committee comprises of three members as shown below:

		Meetings attended	Total meetings
Mike Dontschuk (Chairperson)	Independent	3	3
Michelle Li	Independent	6	6
Daniel Tenardi	Independent	6	6

Qualifications and experience of the member of the committee can be found on Grange Resources website in the Board of Directors section.

A copy of the Charter for the audit and risk committee can be found in the Corporate Governance section of Grange Resources website.

	<p>7.2: The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	<p>The Risk Management Policy requires Management to design and implement risk management processes and systems to identify and manage the Company's material business risks and report to the Board on whether those risks are being managed effectively.</p> <p>The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company.</p> <p>The risk management framework is reviewed at least annually by the Board and has been reviewed in December 2017 for the year ended 31 December 2017.</p> <p>The Chief Executive Officer and the Chief Financial Officer are required to make a declaration in accordance with section 295A of the Corporations Act that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects.</p>
	<p>7.3: A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>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.</li> </ul>	<p>The Company does not have a formal internal audit function. The Board monitors the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations.</p> <p>The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Board also considers external reviews of specific areas and monitors the implementation of system improvements.</p>
	<p>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.</p>	<p>The Board identifies and manages the following as material economic, environmental and social sustainability risks:</p>

		<p>Listed entities have economic risks with regard to the capital markets, and this impacts that Company's ability to raise funds for project development and working capital requirements. The Company constantly monitors its cash reserves and the state of the capital markets.</p> <p>The Company has a risk register, reviewed and updated regularly at board meetings.</p> <p>The Company has an Environmental and Social responsibility policy and can be found on the Company's website under the policies section.</p> <p>The whole board are responsible for the Environmental and Social responsibility of the Company, including:</p> <ul style="list-style-type: none"> <li>- Economic Sustainability – continue to operate at a particular level of economic production</li> <li>- Environmental Sustainability – continue to operate in a manner that does not compromise health and ecosystems in which it operates</li> <li>- Social Sustainability – operating in a manner that meets accepted social norms</li> </ul>
<p><b>8. Remunerate Fairly and Responsibly:</b></p> <p>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality</p>	<p>8.1 The board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent directors; and</li> <li>ii. is chaired by an independent director,</li> <li>iii. and disclose:</li> <li>iv. the charter of the committee;</li> <li>v. the members of the committee; and</li> <li>vi. 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</li> </ol>	<p>The Remuneration and Nomination Committee's overall role is to ensure that Grange's remuneration policies and practices are consistent with the Company's goals and objectives.</p> <p>The Committee is responsible for making recommendations to the Board on all aspects of appointment, remuneration and termination pertaining to the CEO/Managing Director and to review the appointment, remuneration or termination of other senior employees as requested by the Board, Chairperson or CEO. It is also responsible for making recommendations on non-executive director remuneration and addressing relevant remuneration issues generally.</p> <p>In addition to its remuneration responsibilities the Committee also undertakes Board nomination and appointment functions. It assesses the</p>

senior executives and to align their interests with the creation of value for security holders.

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.

skills required by the Board, prepares and reviews the Board's succession plan and implements processes to identify and recruit suitable candidates for appointment as non-executive directors.

The Remuneration and Nomination committee comprises of three members as shown below:

		Meetings attended	Total meetings
Daniel Tenardi (Chairperson)	Independent	5	5
Michelle Li	Independent	4	5
Yan Jia	Not independent	5	5

A copy of the Charter for the remuneration and nomination committee can be found in the Corporate Governance section of Grange Resources website.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

No Director participated in any deliberation regarding his or her own remuneration or related issues. The Committee is confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and



		<p>executives in the current period is contained in the “Remuneration Report” within the Directors’ Report of the Annual Report.</p>
	<p>8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>A copy of the Remuneration Policy can be found in the Corporate Governance section of the Company’s website.</p> <p>The Company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company’s Employee Incentive Option Plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company’s performance.</p> <p>Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Guidelines for non-executive director remuneration ‘Non-executive directors should not receive options with performance hurdles’. The Company has previously granted options to non-executive directors and, potentially, will do so in the future. The Board is of the view that options (for both executive and non-executive directors) are a non-cash cost effective benefit for small companies such as Grange Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holder, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.</p> <p>The Remuneration Report contained in the Annual Report outlines the Director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations. It also provides the remuneration disclosure required by AASB 124 Related Party Disclosures.</p>

		There are no schemes for retirement benefits, other than superannuation, for Non-Executive Directors, where applicable.
	<p>8.3: A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"><li>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</li><li>b) disclose that policy or a summary of it.</li></ul>	The Board has a Securities Trading Policy that all participants in an equity based remuneration scheme are not allowed to use derivatives which hedges against the equity position provided via the equity based remuneration scheme. A copy of the Security Trading Policy can be found on the policies section of the Company's website.