

Corporate Governance Statement

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

This statement has been approved by the Board and covers the period 1 July 2019 to 30 June 2020. It is current as at 25 September 2020.

VENTUREX'S APPROACH TO CORPORATE GOVERNANCE

The Company's practices are consistent with the Australian Stock Exchange (ASX) Corporate Governance Council Principles (Third Edition). Where Venturex's corporate governance practices do not correlate with the ASX Principles and Recommendations it is because the Board does not consider it practical to implement those recommendations due to the size and stage of development of Venturex's operations and the Board's reasoning for any departure is explained.

PRINCIPLE 1: LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 Role of the Board and Management

The Board's role is to represent the shareholders. It is accountable to them for creating and delivering value through the effective governance of the business. This role requires a high-performing Board, with all Directors contributing to the Board's collective decision-making processes.

The Board exists to lead and oversee the management and direction of the Company. The Board operates in accordance with the broad principles set out in its Charter, a copy of which is on the Company's website. The Charter details the board's composition and functions.

The Board is responsible for:

OVERSEEING	GOVERNANCE	RISK AND REPORTING
<p>Strategy – defining and setting the business objectives and monitoring performance and achievement of those objectives;</p> <p>Chairman selection – appointing the Chairman of the Board;</p> <p>Leadership selection – as appropriate appointing or removing the Managing Director, evaluating the performance of the Managing Director, and approving other key executive appointments;</p> <p>Succession planning – planning for Board, MD and executive succession; and</p> <p>Remuneration framework – approving the Company's remuneration framework, approving MD and executive remuneration, and setting Non-Executive Director remuneration within shareholder approved limits.</p>	<p>Corporate governance – reviewing and monitoring the Company's corporate governance policies and practices;</p> <p>Board performance and composition – evaluating the performance of the Board and determining its size and composition; and</p> <p>Social responsibility – considering the social, ethical and environmental impact of activities and operations and monitoring compliance with the Company's social responsibility policies.</p>	<p>Financial performance – monitoring and approving financial performance and budgets;</p> <p>Financial reporting – considering and approving half-yearly and annual financial statements, and monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;</p> <p>Risk management – oversight of the appropriateness of risk management framework and setting the risk appetite within which the Board expects management to operate; and</p> <p>External auditor – selecting and recommending to shareholders the appointment of the external auditor.</p>

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Management are responsible for implementing the strategic objectives and operating within the risk appetite set by the Board and for all other aspects of the day to day running of the Company. Management are also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Recommendation 1.2 Director Checks

The Company performs full checks on all potential Directors. These include checks on a person's character, experience, education, criminal record and bankruptcy history. All Directors have provided consent for the Company to perform such checks.

Your Directors' biographical details, including their relevant qualifications and experience and the skills they are bringing to the Board are detailed on the Company website and within the Annual Report. Details of any other material directorships currently held are also provided within the Annual Report.

Annually the Board conducts an assessment of its performance, as part of this assessment each Director is requested to provide the Chairman with details of their other commitments and specifically acknowledges to the Chairman that they will have sufficient time to fulfil their duties as a director of the Company.

Recommendation 1.3 Written Agreement with each Director and Senior Executive

All Non-Executive Directors are engaged by the Company under letters of appointment and senior executives are engaged under service contracts. These address the roles and responsibilities of individuals.

Detail of the letters of appointment and service contracts for senior executives are provided in the Remuneration Report within the Annual Report.

Recommendation 1.4 Company Secretary

The Company Secretary, Mr Trevor Hart, is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Recommendation 1.5 Diversity

The Company has established a Diversity Policy, a copy of which is disclosed on the Company's website, and includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board has set measurable objectives for achieving gender diversity in accordance with its Diversity Policy, and will initially target a direct workforce comprising at least 50% females, and will target a Board composition which includes at least one female. During the Reporting Period, the Company maintained a direct workforce of at least 33% females. The Board does not include any female directors. However, the Board will continue to have regard to the Company's Diversity Policy in identifying appropriate candidates for appointment to the Board.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at 30 June 2020 are set out in the following table:

	2020
Whole Organisation	3 out of 12 (25%)
Senior Executives	0 out of 2 (0%)
Board of Directors	0 out of 3 (0%)

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The Board looks forward to reporting positive results in relation to gender, and other areas of diversity throughout the Company.

Recommendation 1.6 Board Performance Assessment

The Board has undertaken a process of self-assessment of its collective performance, and the performance of its committees during the 2020 financial year.

Recommendation 1.7 Performance Evaluation of Senior Executives

The importance of a clear relationship between management performance and remuneration is reflected in our approach to evaluating management performance. The Company has established a policy “Process for Performance Evaluation” guidelines to identify the measurable and qualitative indicators of the director’s and senior executive’s performance, this is available on the Company’s website.

The following process for senior management performance evaluation was undertaken, to the satisfaction of the Board, during the reporting period:

- There was a no formal performance evaluation of the Managing Director undertaken during the year due in accordance with the process disclosed as the Managing Director resigned in November 2019; and
- There was an informal performance evaluation of other Senior Executives undertaken during the year not in accordance with the process disclosed.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 Nomination Committee

The Company has in place a Nomination & Remuneration Committee and the composition is determined so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to achieve the business objectives of the Company.

For the period 1 July 2019 to 30 June 2020, the members of the Nomination and Remuneration Committee were Anthony Kiernan (Chair) and Darren Stralow. For the period 1 July 2019 to 30 June 2020, the Nomination and Remuneration Committee was not structured in accordance with Recommendation 2.1 due to the size of the board.

The Nomination and Remuneration Committee held one meeting during the Reporting Period. Details of Director attendance at Nomination and Remuneration Committee meetings during the Reporting Period are set out in a table in the Director’s Report of the 2020 Annual Report.

The Company’s Nomination and Remuneration Committee Charter is available on the Company’s website.

Recommendation 2.2 Board Skills Matrix

The Company has in place a process which incorporates the Board reviewing its Board Skills Matrix annually.

The skills, experience and expertise of each of the Company’s directors are set out in the Company’s Annual Report.

Recommendation 2.3 Directors Independence

The Board considers the independence of Directors having regard to Corporate Governance Principles & Recommendations and the Company’s materiality thresholds. The Board has agreed on

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the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- ◀ Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- ◀ Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- ◀ Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on the balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- ◀ Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The Independent Directors of the Company are independent as they are non-executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The recommendations of best practice are that a majority of the Directors and in particular the chairperson should be independent.

Of the current Board members Mr Anthony Kiernan (Chairman) meet these criteria. The Acting CEO is Mr Anthony Reilly who is not Chair of the Board.

Recommendation 2.4 Majority of Directors Independence

A majority of the Board of the Company should be independent directors. For the period 1 July 2019 through to 30 June 2020 the Company did not comply with the Majority of Directors being independent due to the size of the Board as a result of the current stage of development of Venturex's operations.

As noted above, the Board believes its current composition represents the mix of skills and diversity. The Board does not have any current plans to increase the size of the Board at the moment, but will take into account independence as a factor in considering any new appointments to the Board in accordance with its Policy and Procedure for the Selection and (Re) Appointment of Directors.

Director's independence and length of service of each Director is reported within the Annual Report and detailed within the Corporate Governance section of the Company website.

The Board meet regularly without Senior Management present to maximise the likelihood that the decision of the Board will reflect the best interests of the Company and its security holders generally and not be biased towards the interest of Management.

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Recommendation 2.5 *Chairman & Chief Executive Officer*

The Company has at all times maintained a separation between the Chairman (Mr Anthony Kiernan) and Chief Executive Officer (Managing Director) roles. The day-to-day management of the Company is currently overseen by Executive Director, Mr Anthony Reilly.

Principle 2.6 *Company Induction and Professional Development of Directors*

The Company has an established programme for the induction of new Directors. This induction covers all aspects of the Companies operations.

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 effectively. Regular reviews are undertaken by the Nomination & Remuneration Committee or the Chairman whether the Directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and on Board Committees effectively.

Independent Advice

To assist Directors with independent judgment, 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 from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 *Code of Conduct*

The Company has adopted a Code of Conduct for its Directors, senior executives and employees, a copy of which is available on the Company's website.

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

All directors, executives and staff of the Company and of all controlled entities are required to abide by the legal requirements and high standards of ethical conduct as recognised in each relevant jurisdiction in which the Group operates.

To ensure high standards of personal integrity are withheld, the Company has a Whistleblower Policy to assist in the identification and the reporting of unlawful or unethical behaviour. A copy of the Whistleblower Policy is available on the Company's website.

PRINCIPLE 4: SAFEGUARDING INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1 *Audit Committee*

The Board has established an Audit Committee with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements.

The members of the Audit Committee for the financial year were Mr Anthony Reilly (Chair) and Mr Anthony Kiernan, the Audit Committee is now not structured in compliance with Recommendation 4.1, where all Committee Members are not non-executive independent directors. This is as a result of the size of the Board and taking into account the current stage of development of Venturex's operations.

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As noted above, the Board believes its current composition of the Audit Committee represents the current stage of development of Venturex's operations. The Board does not have any current plans to increase the size of the Board at the moment, but will take into account independence as a factor in considering any new appointments to the Board in accordance with its Policy and Procedure for the Selection and (Re) Appointment of Directors.

The Audit Committee held four meetings during the Reporting Period. Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report within the 2020 Annual Report.

Details of each of the director's qualifications are set out in the Directors' Report within the 2020 Annual Report. Each of the members of the Audit Committee considers themselves to be financially literate, and have an understanding of the industry in which the Company operates.

The Company's Audit Committee Charter is disclosed on the Company's website.

Recommendation 4.2 Declarations from the CEO and CFO

The Chief Executive Officer (Managing Director) for the period ending 30 June 2020 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 in relation to financial reporting risks. For the year ended 30 June 2020, the declarations have been made by the Managing Director or equivalent and the Chief Financial Officer.

Recommendation 4.3 External Auditors

The external auditor is required to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

BDO is the appointed external auditor of the Company and the audit engagement partner is changed at least every five years. An analysis of fees paid to the external auditors, including a break-down of any fees for any non-audit services, is provided in the financial statements within the Annual Report. The external auditors provide an annual declaration of their independence to the Company.

The Company's Procedure for Selection, Appointment and Rotation of External Auditor is disclosed on the Company's website.

PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 Disclosure Policy

The Company has a Continuous Disclosure Policy and Shareholder Communications Policy, copies of which are on the Company's website.

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The Company has written policies and procedures on information disclosure that focuses on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Securities Exchange ('ASX') and high standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the Listing Rules.

The Managing Director or equivalent and the Company Secretary have been nominated as the persons responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

PRINCIPLE 6: RESPECTING THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 Information on Website

The Company provides information about itself and its governance to investors via its website and has a "Corporate Governance" landing page where all relevant corporate governance information can be accessed.

All Committee Charters and relevant Corporate Governance Policies are listed on this Corporate Governance landing page on the website.

The Company website also includes copies of its annual reports and financial statements; copies of its ASX announcements; copies of Notices of Meetings, as well as an overview of the Company's business activities in appropriate areas of the website.

Recommendation 6.2 Investor Relations Program

The Company has an established investor relations programme to facilitate effective communication between the Company and investors. Underpinning this programme is the Shareholder Communications Policy, a copy of which is on the Company's website.

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. 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.

Recommendation 6.3 Participation at Meetings of Shareholders

The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed annually for the voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or the auditor of the Company who is invited to attend the Annual General Meeting. Shareholders that 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. Direct voting facilities to allow security holders to vote ahead of the meeting without having to attend or appoint a proxy have been implemented by the Company.

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Recommendation 6.4 Electronic Communication

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.

PRINCIPLE 7: RECOGNISING AND MANAGE RISK

Recommendation 7.1 Risk Committee

The Company does not have a separate Risk Committee due to the small size of the Board. The Audit Committee manage and regularly report to the Board on Risk.

The Board has adopted a formal Risk Management Policy and associated procedures so as to formalise the process of managing material business risks of the Company. A copy of the Policy is available on the Company's website.

Recommendation 7.2 Annual Risk Review

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.

The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company. Risk Management is a standing item at all Board Meetings.

The risk management framework is reviewed at least annually by the Board.

The Managing Director or equivalent 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 in relation to financial reporting risks. For the year ended 30 June 2020 the Managing Director or equivalent and the Chief Financial Officer have made the declarations.

Recommendation 7.3 Internal Audit

The Company does not currently have an internal audit function. The Audit Committee Calendar requires the Committee to monitor the need for an internal audit function having regard to the size, geographical location, and complexity of the Company's operations.

The Company's Management periodically undertake an internal review of financial systems and processes and where systems are considered to not be optimal, these systems are developed. The Board believe the appropriate approach is to continue implementation of system improvements and monitor the effectiveness of these.

Recommendation 7.4 Economic, Environmental and Sustainability Risks

The Board is regularly briefed and involved in discussions in relation to material exposure to economic, environmental and social sustainability risks facing the Company. Risk Management is a standing item at all Board Meetings.

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PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 Remuneration Committee

The Board has established a Nomination and Remuneration Committee, with a Charter that sets out its roles, responsibilities, composition, structure and membership requirements. A copy of the Charter is on the Company's website.

For the period 1 July 2019 to 30 June 2020, the members of the Nomination and Remuneration Committee were Anthony Kiernan (Chair) and Darren Stralow. For the period 1 July 2019 to 30 June 2020, the Nomination and Remuneration Committee was not structured in accordance with Recommendation 2.1 due to the size of the board.

As noted above, the Board believes its current composition of the Nomination and Remuneration Committee represents the current stage of development of Venturex's operations. The Board does not have any current plans to increase the size of the Board at the moment, but will take into account independence as a factor in considering any new appointments to the Board in accordance with its Policy and Procedure for the Selection and (Re) Appointment of Directors.

The Nomination and Remuneration Committee held one meeting during the Reporting Period. Details of Director attendance at Nomination and Remuneration Committee meetings during the Reporting Period are set out in a table in the Director's Report of the 2020 Annual Report.

The Committee has established a Remuneration Policy for the Company. A copy of the Remuneration Policy is available on the Company's website. The Company's Remuneration Policy clearly distinguishes the structure of executive and non-executive remuneration, and contains a prohibition on directors and employees entering into hedging arrangements to mitigate the risk of changes in value of unvested performance rights or options by the use of financial instruments. Any such arrangements entered into in relation to vested entitlements are required to be reported to the Board and must only occur within the trading periods allowed under the Securities Trading Policy.

Recommendation 8.2 Disclosure of Remuneration Policies and Practices

The Remuneration 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 AASB124 Related Party Disclosures.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

Recommendation 8.3 Policy on Equity Based Remuneration Scheme

Directors and Senior Executives are not permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme currently in operation or which will be offered by the Company in the future. However, Directors and Senior Executives will consult with the Chair if they are considering, or if they are not sure, as to whether entering into transactions may limit the economic risk of unvested entitlements they may have.

The Company complies with this recommendation. The Company has a Securities Trading Policy which, among other things, sets out the Company's policy on trading the Company's securities. A copy of this policy is on the Company's website.