

Corporate Governance Statement

Prospech Limited

1 INTRODUCTION

Prospect Limited (the **Company**) is committed to conducting its business activities and governing the company in accordance with best practice corporate governance to the extent appropriate to the size and nature of the Company's operations.

This Corporate Governance Statement details the extent to which the Company will follow, as at the date of its admission to the official list of the ASX, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

For the purposes of this Corporate Governance Statement submitted pursuant to the Company's pre-quotation disclosure obligations as required by the ASX, the Company's corporate governance practices are structured with reference to the fourth edition of the Recommendations released on 27 February 2019.

While listed entities are entitled not to adopt the Recommendations in whole or in part, the ASX requires that entities explain why it has not adopted any particular recommendation on an "if not, why not" basis.

The table set out below identifies which Recommendations the Company follows and which it does not and provides reasons for not following those Recommendations as well as alternate governance practices (if any) the Company intends to adopt instead of those Recommendations.

The Company's corporate governance policies together with a copy of this Corporate Governance Statement are all available on the Corporate Governance section of the Company's website at <https://prospech.com.au/corporate-governance> (**Website**).

2 RECOMMENDATIONS COMPLIANCE TABLE

Recommendation	Compliance	Statement
Principle 1 – Lay solid foundations for management and oversight A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.		
1.1. A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and	Compliant	The board of directors of the Company (Board) has adopted a charter (Board Charter) which sets out the principles regarding the ongoing operation of the Board. The Board Charter sets out the role and responsibilities of the Board and provides for the delegation of authority

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(b) those matters expressly reserved to the board and those delegated to management.		to management for matters pertaining to the day to day operations of the Company. A copy of the Board Charter is available on the Website.
<p>1.2. A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(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.</p>	Compliant	<p>The Board Charter sets out the Company's process for selection, appointment and re-appointment of directors.</p> <p>The Company undertakes relevant background checks on director candidates and will provide all material information to shareholders that may be relevant to a decision on whether or not to elect or re-elect a director including the nominee's biographical details, qualifications, a statement whether the Board supports their election, a statement whether the Board considers the nominee independent, details of the term of office for nominees who are currently directors and any materially adverse findings arising out of background checks undertaken for nominees who are to be elected or appointed as directors for the first time.</p>
<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>	Compliant	The Board Charter provides that each director and senior executive is required by the Company to execute a written agreement setting out the terms of their appointment.
<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>	Compliant	The Board Charter sets out the role and responsibilities of the Company's Secretary and provides that the Secretary is accountable to the Board, via the chair of the Board (Chair) on all matters to do with the proper function of the Board and any committee of the Board and sets out the specific obligations of the Secretary in this regard.
<p>1.5. A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p>	Not Compliant	<p>The Company has adopted a diversity policy (Diversity Policy) which is available on the Website.</p> <p>The Diversity Policy provides that the Board will, at the appropriate time, and subject to the Company's size and</p>

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<p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of the its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(i) the measurable objectives set for that period to achieve gender diversity;</p> <p>(ii) the entity’s progress towards achieving those objectives; and</p> <p>(iii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or</p> <p>(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>		<p>operations, endeavour to, on an annual basis, establish appropriate and measurable diversity targets to achieve and maintain gender diversity within the Company and assess the Company’s progress in achieving these objectives.</p> <p>Due to the scale of the Company’s operations and limited number of employees, the Company has not yet set measurable objectives for achieving gender diversity.</p> <p>The Company will provide updates on its progress towards achieving any objectives arising out of the implementation of the Diversity Policy including the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity defines ‘senior executive’) in its future annual reports.</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 for each reporting period whether a performance evaluation has been undertaken</p>	<p>Compliant</p>	<p>The Board Charter provides that the Board is required to review and evaluate the performance of the Board, its committees and individual directors from time to time and that, at least once annually, it must review and evaluate the Board’s compliance with the Board Charter and amend that charter or any other governance policies to meet the goals and objectives of the Board as they develop over time.</p>

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<p>in accordance with that process during or in respect of that period.</p>		<p>The Board will ensure that these evaluations are undertaken in accordance with the Board Charter from time to time and will provide details as to its compliance with this Recommendation in the Company's future annual reports.</p>
<p>1.7. A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. 	<p>Compliant</p>	<p>The Board Charter provides that the Board will review and evaluate the performance of the Company's executives at least once annually.</p> <p>The Board will ensure that an evaluation of the Company's executives will be undertaken by the Company in accordance with the Board Charter and will provide details as to its compliance with this.</p>
<p>Principle 2 – Structure the board to add value</p> <p>The board of a listed entity should be of a board of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</p>		
<p>2.1. The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose; (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the 	<p>Not Compliant</p>	<p>Due to the current size of the Board, the Board has not yet established a nomination committee. The Board Charter requires that the Board is responsible for ensuring that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity.</p> <p>At the appropriate time, having regard to the size of the board and the Company, the Board will establish a nomination committee.</p> <p>a</p>

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<p>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 that the board currently has or is looking to achieve in its membership.</p>	<p>Non-compliant</p>	<p>The Board Charter provides that the Board is responsible for developing and implementing a skills matrix setting out the mix of skills and diversity that the Board has or is looking to achieve in its membership.</p> <p>The Company will disclose the details of any skills matrix the Board adopts in the future.</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>Compliant</p>	<p>The Company assesses the independence of its directors against the requirements for independence set out in the Board Charter which reflect the independence criteria detailed in the Recommendations.</p> <p>The independence of a director is assessed upon their appointment and periodically from time to time or when a director has advised the Board of any new actual or potential conflict of interest.</p> <p>The Company considers that Thomas Mann is an independent director, free from any interest, position, association or relationship that may influence or</p>

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		<p>reasonably be perceived to influence, the independent exercise of their judgement. The length of service of the Company's directors is as follows:</p> <ul style="list-style-type: none"> • Thomas Mann – appointed on 26 September 2014; • Jason Beckton – appointed on 26 September 2014; • Peter Nightingale – appointed on 26 September 2014; and • John Levings – appointed 17 May 2016.
<p>2.4. A majority of the board of a listed entity should be independent directors.</p>	<p>Not compliant</p>	<p>The Company considers that only one out of four directors is independent, Thomas Mann. The other three directors are not considered independent. The Board considers that the current composition of the Board is appropriate given the size and nature of the Company however will reassess periodically in line with the Board Charter.</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>Compliant</p>	<p>Thomas Mann, Chair of the Board, is considered an independent director.</p>
<p>2.6. A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Compliant</p>	<p>The Board Charter provides that directors are expected to participate in induction or orientation programs upon their election or appointment, and any continuing education or training arranged by the Company for them from time to time.</p>
<p>Principle 3 – Instill a culture of acting lawfully, ethically and responsibly</p>		
<p>A listed entity should instill and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</p>		
<p>3.1. A listed entity should articulate and disclose its values</p>	<p>Compliant</p>	<p>The Company has adopted a Statement of Values which is available on its Website.</p>
<p>3.2. A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p>	<p>Compliant</p>	<p>The Company has adopted a Code of Conduct, Anti-Bribery and Corruption Policy, Whistleblower Policy and a Securities Trading Policy that applies to all directors,</p>

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<p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>		<p>officers, employees, consultants, contractors and advisors of the Company, as applicable. The Company is committed to acting ethically and responsibly and has prepared these policies having regards to the Recommendations.</p> <p>The policies are available on the Website.</p>
<p>3.3. A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>Compliant</p>	<p>The Company has adopted a Whistleblowing Policy. The purpose of the policy is to deter wrongdoing and encourage reporting of such wrongdoing through the provision of safe and secure processes which protect and support individuals who disclose wrongdoing. The Whistleblowing Policy provides that the Company must inform the board of any material disclosures made under the policy.</p>
<p>3.4. A listed entity should:</p> <p>(a) Have and disclose an anti-bribery and corruption policy; and</p> <p>(b) Ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	<p>Compliant</p>	<p>The Company has developed an anti-bribery and corruption policy that can be found under the governance documents on the Company's Website. The policy provides that breaches of the policy must be reported to the Board.</p>
<p>Principle 4 – Safeguard the integrity of corporate reports</p> <p>A listed entity should have appropriate processes to verify the integrity of its corporate reports.</p>		
<p>4.1. The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p>	<p>Not compliant</p>	<p>Given the current size of the Board, The Board has not established an audit committee. The Company will, at the appropriate time, and having regard to the size and composition of the Board, establish a separate audit and risk committee.</p>

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<p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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(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>Compliant</p>	<p>The Company will ensure that the Company receives a declaration from the Company's CEO or Chief Financial Officer 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. Such declaration will be provided to the Board on a similar foundational basis to a declaration provided by the CEO or CFO of an entity who is required to provide such a declaration pursuant to s.295A of the <i>Corporations Act 2001 (Cth)</i>.</p>

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<p>4.3. A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Compliant</p>	<p>The CEO will review all reports before they are presented to the Board for review and subsequently released to the market. Such reports will not be released to the market unless they have been reviewed by the CEO and the Board.</p>
<p>Principle 5 – Make timely and balanced disclosure</p>		
<p>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities</p>		
<p>5.1. A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1</p>	<p>Compliant</p>	<p>The Company is committed to taking a proactive approach to continuous disclosure and creating a culture within the Company that promotes and facilitates compliance with the Company's continuous disclosure obligations. The Board has adopted a Continuous Disclosure Policy to ensure compliance with ASX Listing Rules continuous disclosure obligations.</p> <p>The Continuous Disclosure Policy is available on the Website.</p>
<p>5.2. A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	<p>Compliant</p>	<p>The Company will maintain an investor website that is updated when market announcements are made. The Company will ensure the Board is copied on all market communications as they are posted on the ASX platform and on the website by alerting the Board to such communications and sending them directly to their e-mail addresses.</p>
<p>5.3. A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation</p>	<p>Compliant</p>	<p>The Company Secretary will manage these communications and ensure they are posted on the ASX platform in advance.</p>
<p>Principle 6 – Respect the rights of security holders</p>		

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<p>A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.</p>		
<p>6.1. A listed entity should provide information about itself and its governance to investors via its website</p>	<p>Compliant</p>	<p>The Company provides all relevant information about itself, the Board and the governance of the Company generally, including all relevant policies and charters on the Website.</p>
<p>6.2. A listed entity should have an investor relations program that facilitates effective two- way communication with investors.</p>	<p>Compliant</p>	<p>The Company has adopted a Shareholder Communication Policy which promotes two-way communication with the Company's shareholders by attendance at the Company's general meetings, through publication of policies and announcements on the Website and by direct electronic communication.</p>
<p>6.3. A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>Compliant</p>	<p>The Shareholder Communication Policy encourages participation at meetings of shareholders. The Company invites all security holders to attend the Company's annual general meetings, either in person, electronically or by representative.</p> <p>Security holders also have an opportunity to submit questions to the Board or the Company's external auditor.</p> <p>These rights and opportunities are outlined in the Company's Shareholder Communication Policy.</p>
<p>6.4. A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>Compliant</p>	<p>The Company will ensure a poll is used at a meeting of security holders.</p>
<p>6.5. A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Compliant</p>	<p>The Company will ensure stakeholders can communicate to the registry electronically.</p>
<p>Principle 7 – Recognise and manage risk</p>		

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<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> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose (iv) the charter of the committee; (v) the members of the committee; and (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 (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>Not compliant</p>	<p>Given the current size of the Board, the Board has not established a separate risk committee. However, the Board Charter provides that the Board is responsible for overseeing the Company's risk management framework. The Board has adopted a Risk Management Policy to help it identify and manage risk on a continual basis.</p>
<p>7.2. The board or a committee of the board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and 	<p>Compliant</p>	<p>The Risk Management Policy provides that it must be reviewed at least annually.</p>

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(b) disclose, in relation to each reporting period, whether such a review has taken place.		
<p>7.3. A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	Compliant	The Company currently does not operate an internal audit function, however the Board Charter and Risk Management Policy provides that the Board has the responsibility for evaluating the Company's governance, risk management and internal control processes.
<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>	Compliant	<p>The Board is responsible for assessing all material risks to the Company's operations, regularly updating that risk profile from time to time and implementing processes and procedures to manage those risks.</p> <p>The Company will provide details to any material exposure to economic, environmental and social sustainability risks, if any arise, from time to time and in its future annual reports.</p>
<p>Principle 8 – Remunerate fairly and responsibly</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 senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.</p>		
<p>8.1. The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p>	Not compliant	<p>Due to the current size of the Board, the Board has not established a remuneration committee.</p> <p>The Board will, at the appropriate time, having regard to the size and composition of the Board and the Company, establish a separate remuneration committee.</p>

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<p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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 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>		
<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>Compliant</p>	<p>Details of the current remuneration of the Company's executive directors, non-executive directors and executives is available in the Company's prospectus 2020 and will be set out in the Remuneration Report contained in future annual reports.</p>
<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>	<p>Compliant</p>	<p>The Company's Securities Trading Policy provides, among other things, that the Company's directors, officers and employees must provide notification to the Chair and Company Secretary (or if the Chair, to the Board and the Company Secretary) prior to any proposed trading in securities.</p> <p>The Securities Trading Policy is available on the Website.</p>

Recommendation	Compliance	Statement
Additional recommendations that only apply in certain cases.		
<p>9.2 A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.</p>	<p>Compliant</p>	<p>The Company will ensure that meetings of Shareholders are held at a reasonable place and time.</p>
<p>9.3 A listed entity established outside Australia, and an externally managed 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>Compliant</p>	<p>The Company will ensure that its external auditor attends its AGM and shareholders are given an opportunity to ask questions of the auditor.</p>