



AuKing Mining Limited

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AuKing Mining Ltd

Corporate Governance Statement March 2021

The Board of Directors of AuKing Mining Limited (AKN or Company) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of AuKing Mining Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

AuKing Mining Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations, 4th Edition".

This statement has been approved by the Board of AKN and is current as at 24 March 2021. It relates to the company for the period up to the date of approval and also takes into account revisions in relation to the relisting process the company is undertaking as at the date of this report. The statement and information identified therein are available on the Company's website at www.aukingmining.com under the Corporate Governance section.

The Board endorses the ASX Principles of Good Corporate Governance and Best Practice Recommendations, and has adopted corporate governance charters and policies reflecting those recommendations to the extent appropriate having regard to the size and circumstances of the Company. The Company does not presently comply with all of the ASX Best Practice Policies on Corporate Governance and by virtue of its size and the composition of the Board is unlikely to do so in the foreseeable future.

The Company is committed to ensuring that its corporate governance systems maintain the Company's focus on transparency, responsibility and accountability. For further information on corporate governance policies adopted by AuKing Mining Limited, refer to our website: www.aukingmining.com

| ASX Recommendation | Statement Commentary | Compliant with ASX Recommendation / Explanation for Departure |
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| 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 (b) those matters expressly reserved to the board and those delegated to management. | The Board's role is to govern the Company rather than to manage it. It is the role of executive management to manage the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Company's Corporate Governance charter is posted on the Company's website which sets out the role, powers and responsibilities of the Board. | Yes |

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| <p>1.2 - A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward to security holders a candidate 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> | <p>All newly appointed Directors are required to undertake and provide appropriate background security checks as part of the appointment process.</p> <p>All material information about each candidate relevant to a decision whether or not to elect or re-elect a director will be contained in the Explanatory Memorandum to the Notice of Annual General Meeting.</p> | <p>Yes</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> | <p>All Directors and senior executives have contracts in place.</p> | <p>Yes</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>Each Board member has direct access to the Company Secretary (who is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board) with procedures for the provision of information, including requests for additional information</p> | <p>Yes</p> | | | | | | | | |
| <p>1.5 - A listed entity should:</p> <p>(a) have and disclose a diversity policy</p> <p>(b) through its board or a committee of the board to set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and;</p> <p>(c) disclose in relation to each reporting period</p> <p>(1) the measurable objectives set for that period to achieving gender diversity</p> <p>(2) the entity's progress towards achieving those objectives; and either:</p> <p>(1) 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>(2) 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>If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p> | <p>The Board has established a Diversity Policy which is publicly available on the Company's website. There are some aspects of the ASX recommendations that are difficult to comply with due to the Company's size. The Board at this juncture has not set measurable objectives. This policy will be reviewed as part of the annual compliance review to ensure that the Diversity Policy is being progressed as required and to set measurable objectives when appropriate for the Company.</p> <p>The proportion of women employees in the whole organisation, women in management positions and women on the board are as follows:</p> <table border="1" data-bbox="741 1050 1330 1203"> <thead> <tr> <th>Measure</th> <th>Female proportion</th> </tr> </thead> <tbody> <tr> <td>Organisation</td> <td>16.67%</td> </tr> <tr> <td>Management</td> <td>Nil</td> </tr> <tr> <td>Board</td> <td>Nil</td> </tr> </tbody> </table> | Measure | Female proportion | Organisation | 16.67% | Management | Nil | Board | Nil | <p>No – at this stage the Company has not set measurable objectives in relation to achieving gender diversity. The company has had limited activities and a small number of staff over the past year as it endeavoured to secure a new project and to progress relisting on the ASX. The Board considers that at this time no efficiencies or other benefits would be gained by introducing measurable objectives. In the future, as the Company grows and increases in size and activity, the Board will consider the setting of measurable objectives. The Company policy is to employ the best person for the position being filled regardless of gender.</p> |
| Measure | Female proportion | | | | | | | | | |
| Organisation | 16.67% | | | | | | | | | |
| Management | Nil | | | | | | | | | |
| Board | Nil | | | | | | | | | |

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| <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 in accordance with that process during or in respect of that period.</p> | <p>The Company does not currently have a formal process for evaluating the performance of the Board or individual directors.</p> | <p>No - The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal evaluation policy. The Board monitors the overall corporate governance of the Company with the aim of ensuring that shareholder value is increased. In the future as the Company grows and increases in size and activity, the Board will consider establishment of formal Board and individual director evaluation processes.</p> |
| <p>1.7 - A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(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> | <p>Given the size of the company and the limited number of employees at this stage no formal process is in place. Employees are subject to continual review of their performance on an on-going basis rather than by way of a formalised procedure.</p> | <p>No - The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal evaluation policy.</p> |
| <p>Principle 2: Structure the board to be effective and add value The board of a listed entity should be 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>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <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>The Company has not formally established a Nominations Committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The board as a whole currently undertakes the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants may be engaged to identify possible new candidates for the board.</p> | <p>No - The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee given the size of the Company's operations and of the Board. The Company will review this position annually and determine whether a Nominations Committee needs to be established.</p> |

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| <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 Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties.</p> | <p>No - Each Director has industry experience and specific expertise relevant to the Company's business and level of operations. The Board considers that its structure is appropriate in the context of the Company's activities and does not consider it necessary at this stage of its development to have a matrix setting out the mix of skills of the Directors. The experience and skills of the Directors are documented in the Prospectus of March 2021, the Annual Report and the Company website.</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>The position of each director and as to whether or not they are considered to be independent is set out below as at the date of signing the 2020 Annual Report</p> <table border="1" data-bbox="741 560 1406 938"> <thead> <tr> <th>Name</th> <th>Position</th> <th>Independence Position</th> </tr> </thead> <tbody> <tr> <td>Dr Huaisheng Peng</td> <td>Non-Executive Chairman</td> <td>Not Independent – Dr Peng is an executive within the JCHX Group which is a substantial shareholder of the Company.</td> </tr> <tr> <td>Qinghai Wang</td> <td>Non-Executive Director</td> <td>Not Independent – Mr Wang is an executive within the JCHX Group which is a substantial shareholder of the Company.</td> </tr> <tr> <td>Paul Williams</td> <td>Managing Director</td> <td>Not Independent - Mr Williams is employed in an executive capacity</td> </tr> <tr> <td>Zewen Yang</td> <td>Executive Director</td> <td>Not Independent – Mr Yang is employed in an executive capacity</td> </tr> </tbody> </table> <table border="1" data-bbox="741 963 1330 1118"> <thead> <tr> <th>Name</th> <th>Term in Office</th> </tr> </thead> <tbody> <tr> <td>Dr Huaisheng Peng</td> <td>4 Year 4 Months</td> </tr> <tr> <td>Qinghai Wang</td> <td>4 Year 4 Months</td> </tr> <tr> <td>Paul Williams</td> <td>8 Years</td> </tr> <tr> <td>Zewen Yang</td> <td>13 years</td> </tr> </tbody> </table> <p>The Company has a formalised Conflicts of Interest Policy that is included in its Corporate Ethics and Continuous Disclosure Policy.</p> | Name | Position | Independence Position | Dr Huaisheng Peng | Non-Executive Chairman | Not Independent – Dr Peng is an executive within the JCHX Group which is a substantial shareholder of the Company. | Qinghai Wang | Non-Executive Director | Not Independent – Mr Wang is an executive within the JCHX Group which is a substantial shareholder of the Company. | Paul Williams | Managing Director | Not Independent - Mr Williams is employed in an executive capacity | Zewen Yang | Executive Director | Not Independent – Mr Yang is employed in an executive capacity | Name | Term in Office | Dr Huaisheng Peng | 4 Year 4 Months | Qinghai Wang | 4 Year 4 Months | Paul Williams | 8 Years | Zewen Yang | 13 years | <p>Yes.</p> <p>The company is undertaking an ASX relisting process as at the date of this report. If the company is successful in raising the funds required to relist then it will be appointing a four new Directors to replace the current board. Of the 4 proposed Directors 3 will be considered independent under the ASX guidelines. The names and qualifications of the proposed new directors are included in the Prospectus lodged with ASX on 9 March 2021.</p> |
| Name | Position | Independence Position | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr Huaisheng Peng | Non-Executive Chairman | Not Independent – Dr Peng is an executive within the JCHX Group which is a substantial shareholder of the Company. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Qinghai Wang | Non-Executive Director | Not Independent – Mr Wang is an executive within the JCHX Group which is a substantial shareholder of the Company. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Paul Williams | Managing Director | Not Independent - Mr Williams is employed in an executive capacity | | | | | | | | | | | | | | | | | | | | | | | | | |
| Zewen Yang | Executive Director | Not Independent – Mr Yang is employed in an executive capacity | | | | | | | | | | | | | | | | | | | | | | | | | |
| Name | Term in Office | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr Huaisheng Peng | 4 Year 4 Months | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Qinghai Wang | 4 Year 4 Months | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Paul Williams | 8 Years | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Zewen Yang | 13 years | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 2.4 - A majority of the board of a listed entity should be independent directors. | The current board has no independent directors and four directors who are considered to be not independent – see 2.3 above. The company is undertaking an ASX relisting process as at the date of this report. If the company is successful in raising the funds required to relist then it will be appointing a four new Directors to replace the current board. Of the 4 proposed Directors 3 will be considered independent under the ASX guidelines. The names and qualifications of the proposed new directors are included in the Prospectus lodged with ASX on 9 March 2021. | No - The Board believe that the individuals on the board can and do make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that they are not independent directors in accordance with the criteria in the recommendations. |
| 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>The Chairman of the company is not considered to be independent as he is an executive employee of a substantial shareholder of the Company. However as noted above the company is undertaking an ASX relisting process as at the date of this report. The proposed new Chairman Dr Mark Elliott will be an independent director.</p> <p>The CEO of the company is not the same person as the Chairman of the Company. The Role of the Chair is documented in a policy statement posted on the Company's website.</p> | No - The Board believes that the current Chairman can and does make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that he is not an independent director in accordance with the criteria set out in the recommendations. |
| 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. | The Company has procedures to provide new directors with any information they may request with direct access to the Company Secretary and Senior Management available to any new appointee. The Company encourages, and recommends, that all non-executive directors attend relevant external seminars and educational programs to assist directors in the effect of exercise of their powers and duties. The Board has agreed that such seminars and educational programs obtained by a director will be at the expense of the Company. | Yes |

| Principle 3: Instil a culture of acting lawfully, ethically and responsibly A listed entity should instil and continually reinforce a culture across the organization of acting lawfully, ethically and responsibly. | | |
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| ASX Recommendation | Statement Commentary | Compliant with ASX Recommendation / Explanation for Departure |
| 3.1 - A listed entity should articulate and disclose its values | The Company is committed to operating ethically, honestly, responsibly and legally in all its business dealings. Accordingly, the Company requires employees to act in the Company's best interests in a professional, honest and ethical manner, and in full compliance with the law, both within and on behalf of the Company. | Yes |
| 3.2 - A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code. | <p>The Company has an established a Corporate Code of Conduct, that is included in the Corporate Governance Charter, which outlines the standard the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.</p> <p>The code lists the values of the Company as below:</p> <p>(1) to act honestly and in good faith in fulfilling the powers and functions of a role within the Company;</p> <p>(2) to not disclose confidential information concerning the Company, use that information in a way which may injure or cause loss to the Company or use confidential information to gain an advantage;</p> <p>(3) to make proper use of Company assets and not take advantage of any property, information or a position within the Company for personal gain or to compete with the Company;</p> <p>(4) to ensure that the Company's business decisions do not compromise the Company's commitments to avoiding any injury to people or damage to the environment and to ensure the Company complies at all times with the appropriate laws;</p> <p>(5) to avoid conflicts of interest and to not enter into any arrangements or participate in any activity that would conflict with the interests of the Company or prejudice the performance of the Company's professional duties;</p> <p>(6) to be aware of Company policies and procedures and how such policies and procedures relate to the performance of a role within the Company;</p> <p>(7) to comply at all times with all laws and regulations relevant to the functions and tasks within the Company and to report any breaches of relevant laws or regulations to the Company Secretary; and</p> <p>(8) to promote and maintain a culture of lawful and ethical behaviour.</p> | Yes |

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| 3.3 - A listed entity should: <ul style="list-style-type: none"> (a) have and disclose whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy | The company has implemented a whistleblower policy that is disclosed on the company website. Any matters raised in relation to it will be advised to the CEO and the Board. | Yes |
| 3.4 - A listed entity should: <ul style="list-style-type: none"> (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy | The company has an anti-bribery and corruption policy included in its Corporate Governance Charter that is disclosed on the company website. Any matters raised in relation to it will be advised to the CEO and the Board. | Yes |
| Principle 4: Safeguard the integrity of corporate reports A listed entity should have appropriate processes to verify the integrity of its corporate reports. | | |
| 4.1 - The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (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. | There is no separate Audit Committee. | No - The Board has not formally established an Audit and Risk Management Committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board considers that it is able to efficiently and effectively oversee, without establishing a separate Audit and Risk Management Committee: <ul style="list-style-type: none"> (1) the corporate reporting process; and (2) the Company's risk management framework. In overseeing these matters, the Board will be guided by the Corporate Governance Charter. The Company will review this position annually and determine whether an Audit and Risk Management Committee needs to be established. |

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| <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>The CEO and CFO state in writing to the Board each reporting period that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial and operational results and have been properly maintained in accordance with all relevant accounting standards.</p> <p>The CEO and CFO state in writing to the Board each reporting period that:</p> <ul style="list-style-type: none"> the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. | <p>Yes</p> |
| <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>All corporate reports are either prepared or reviewed by the CEO and CFO and then by all members of the Board before they are released to the market.</p> | <p>Yes</p> |
| <p>Principle 5: Make timely and balanced disclosure 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>The Company has established policies and for complying with timely disclosure of material information concerning the Company. This includes internal reporting procedures in place to ensure that any material price sensitive information is reported to the Company Secretary in a timely manner. These policies and procedures are regularly reviewed to ensure that the Company complies with its obligations at law and under the ASX Listing Rules.</p> <p>The Company's Continuous Disclosure policy is included in the Corporate Governance Charter published on the Company's website.</p> <p>The Chairperson, Managing Director and Company Secretary will individually and collectively be responsible for ensuring the Company complies with its continuous disclosure obligations (ie, market sensitive material). The matter of continuous disclosure is a permanent item on the agenda for all Board meetings and is specifically addressed by each director at those meetings</p> | <p>Yes</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>All Directors receive copies of all market announcements directly from the ASX once the announcement is released to the market.</p> | <p>Yes</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>The company's Corporate Governance Charter requires that a copy of all presentation material will be disclosed through the ASX prior to the briefing and placed on the Company's website after the briefing.</p> | <p>Yes</p> |

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| Principle 6: Respect the rights of security holders 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. | | |
| 6.1 - A listed entity should provide information about itself and its governance to investors via its website. | <p>AKN seeks to disclose all material information to shareholders as soon as possible and as widely as possible, in keeping and complying with its continuous disclosure requirements.</p> <p>Information released to the ASX is also published on our website immediately. Our website also contains copies of media releases published by AKN as well as information in relation to our businesses and major projects, our people, our financial results and our corporate governance practices and policies.</p> <p>The Company has a documented Communications Policy included in the Corporate Governance Charter..</p> | Yes |
| 6.2 - A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | The Company does not currently have a formal documented investor relations program. | No – While the Company strongly encourages communication between the shareholders and the Company and Board there is no formal program at this stage. As the Company grows in size, the Board will look to develop a more formalised investor relations program. |
| 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>Shareholders are encouraged to participate in the Annual General Meeting (AGM) to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as separate resolutions.</p> <p>Shareholders who are unable to attend the AGM may vote by appointing a proxy using the form included with the Notice of Meeting. Further, shareholders are also invited to submit questions in advance of the AGM so that the Company can ensure those issues are addressed at the meeting.</p> | Yes |
| 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 | All resolutions at meetings of security holders are to be decided by a poll. | Yes |
| 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. | Shareholders have the option to receive communications from, and send communications to, the Company and its share registry, Link Market Services, electronically. | Yes |

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| Principle 7: Recognise and manage risk A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework. | | |
| 7.1 - The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the 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. | AKN recognises the importance of managing risk and controlling its business activities in a manner which enables it to maximise profitable opportunities, avoid or reduce risks which may cause injury or loss, ensures compliance with applicable laws and regulations, and enhances resilience to external events. Risk management is the process of continuously identifying, evaluating, treating and monitoring exposures. Risks may be controlled through the introduction of policies, procedures or altered work practices however the most effective long-term method is through the creation of a risk aware culture. The Board is aware of the various risks that affect the Company and its business. The risk procedures are under constant review as the Company's activities develop. | No – The Board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify the formation of a separate risk committee. The Board as a whole undertakes the identification and management of risks that impact the Company. |
| 7.2 - The board or a committee of the board should: (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 (b) disclose in relation to each reporting period, whether such a review has taken place. | The Company's Risk Management and underlying procedures and practices are reviewed regularly at Board Meetings to ensure their continued application and relevance. The Risk Management Policy is formally documented and disclosed in the Corporate Governance Charter published on the Company website. | Yes |
| 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes. | The Company does not have an internal audit function. Risk management and internal controls are the responsibility of the Board and Senior Management. | No – The Board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify having an internal audit function. |

| ASX Recommendation | Statement Commentary | Compliant with ASX Recommendation / Explanation for Departure |
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| <p>7.4 - A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p> | <p>The Company operates in a business that has exposure to environmental risk in relation to exploration and development of its projects. The Company ensures that all environmental requirements especially in relation to rehabilitation of its exploration sites is completed in a timely manner and in accordance with Governmental requirements.</p> | <p>Yes</p> |
| <p>Principle 8: Remunerate fairly and responsibly 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> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <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>The Company does not have a Remuneration Committee. Remuneration is the responsibility of the Board and Senior Management. The Board is responsible for setting and reviewing the appropriateness of the nature and amount of remuneration of Senior Management on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality management team.</p> | <p>No - Due to the early stage of development and small size of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a remuneration committee. All matters of remuneration will continue to be in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.</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>Disclosure as to the nature and amount of remuneration paid to the Directors of the Company is included in the Directors report and notes to the financial statements in the Company's annual report each year. The structure and objectives of the remuneration policy and its links to the Company's performance is disclosed in the annual Directors' Report.</p> <p>It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions.</p> <p>To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the company's financial and operational performance.</p> <p>In accordance with best practice corporate governance, the structure of</p> | <p>Yes</p> |

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| | <p>Executive and Non-Executive Director remuneration is separate and distinct.</p> <p>The Constitution of AuKing Mining Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for Directors' fees is for a total of \$250,000 per annum.</p> <p>If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above.</p> <p>The remuneration of the Executive Directors and Senior Management may from time to time be fixed by the Board. The Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, and the process consists of a review of company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.</p> <p>In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the year.</p> | |
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| ASX Recommendation | Statement Commentary | Compliant with ASX Recommendation / Explanation for Departure |
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| <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>The company does not currently have an equity based remuneration scheme.</p> <p>The Corporate Governance Charter provides that a Director must disclose to the Company any financial arrangements or margin loan the Director has entered into in respect of any Securities which the Director holds in the Company. Such disclosure by the Director should be on entering into the arrangements and should include key terms of the arrangements, including the number of Securities involved, the trigger points, any right of the lender to sell unilaterally and any other material details.</p> <p>Where a Director has entered into a margin loan or similar funding arrangements, the Company may be under an obligation under Listing Rule 3.19A to disclose the key terms of the arrangements, including the detail of the contract, the nature of the interest, the interest acquired and disposed, and the value/consideration.</p> <p>In certain circumstances a margin loan may be required to be immediately disclosed under Listing Rule 3.1. Determining whether a margin loan arrangement is material and requires immediate disclosure is a matter which the Company must decide having regard to the nature of its operations and the particular circumstances of the Company.</p> | <p>Yes</p> |
| Additional recommendations that apply only in certain cases | | |
| <p>9.1 - A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.</p> | <p>The company ensures that a translator is present for all Board meetings and that all Board papers, resolutions, ASX announcements and reports are translated into Chinese to ensure that any Chinese based directors who do not speak or read English are able to fully discharge their obligations.</p> | <p>Yes</p> |
| <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>N/A</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>N/A</p> | |