



ABN 48 116 296 541

CORPORATE GOVERNANCE STATEMENT

FOR THE PERIOD

1 JULY 2018 TO 30 JUNE 2019

This statement has been approved by the Board and generally covers the period 1 July 2018 to 30 June 2019. It is current as at 7 October 2019.

The Board and Senior Executives of Avenira Limited are committed to acting responsibly, ethically and with high standard of integrity as the Company strives to create shareholder value. Avenira is committed to implementing the highest standards of corporate governance appropriate for a company of its size and operations. This corporate governance statement outlines the corporate governance practices in place or adopted by the Board in the financial year ended 30 June 2019 by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) **(the Recommendations)**.

The Board considers and applies the Recommendations taking into account the circumstances of the Company. Where the Company's practices depart from a Recommendation, this Statement identifies the area of divergence and reasons for it, or the alternative practices adopted by the Company. The documents that govern the Company's corporate governance framework, including its Constitution, Charters and Policies are set out at the end of this statement, together with links to where those documents can be accessed on the website.

Principle 1: Lay solid foundations for management and oversight

1.1 Disclose the respective roles and responsibilities of board and management and those matters expressly reserved to the board and those delegated to management

The Board and senior executives are committed to acting responsibly, ethically and with high standards of integrity as the Company strives to create shareholder value. The Board is responsible for the strategic direction of the Company with oversight and review of the management and administration of the Company.

It is the role of Senior Executives to manage the Company in accordance with the direction and delegation of the Board with the responsibility of the Board to provide leadership to, and oversee the activities of, senior executives in carrying out these delegated duties.

The respective roles and responsibilities of the Board, its Committees and senior executives are set out in the Board and Committee Charters. These Charters are available on the Company's website. Details on the number of meetings held throughout the year and attendance at those meetings can be found on page 21 of the Company's 2019 Annual Report.

1.2 Companies should carry out appropriate checks of Board candidates and provide information to shareholders that is material to their candidacy

The Board has established policies and procedures that apply to the appointment of new Directors, which include checks as to the person's character, experience, education and appropriate background checks. At any AGM the Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

1.3 Companies should have a written agreement with each director and executive setting out the terms of their appointment

Non-executive Directors are provided a formal letter of appointment which sets out their duties and responsibilities, rights and remuneration entitlements. Senior executives are employed under individual service contracts which set out their terms of employment including details of their duties, responsibilities, rights and remuneration entitlements.

1.4 The company secretary of a listed entity should be accountable directly to the Chair of the Board for matters relevant to the Board

The role of Company Secretary, as at 30 June 2019 was jointly carried out by Rodney Wheatley and John Ribbons. Mr Wheatley also fulfilled the Chief Financial Officers role and reported directly to the Managing Director. This role, as at 27 September 2019, is currently carried out by Graeme Smith who was appointed 26 August 2019. For any matter specific to company secretarial duties or relevant to the Board, the Company Secretary is accountable directly to the Chair of the Board.

1.5 Companies should have a policy concerning diversity and disclose that policy, together with measurable objectives for achieving gender diversity and its progress towards achieving those objectives

The Board has adopted a Diversity Policy which sets out the Company’s commitment to diversity and inclusion in the workplace. The Diversity Policy does not include a requirement for the Board to establish measurable objectives for achieving gender diversity. Given the small size of the Company workforce, the Board has determined that it is not currently necessary or practicable to establish measurable objectives in this area.

As the size and the scale of the Company grows the Board will set and aim to achieve gender diversity objectives as Director and senior executive positions become vacant and appropriately qualified candidates become available.

At the date of this report the Company has only two senior executive positions (Executive Chairman and all those persons who report direct to the Executive Chairman) all of which are currently filled by men.

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

| | Proportion of women |
|------------------------------------|---------------------|
| Whole Organisation | 4 out of 20 (20%) |
| Senior Executives Positions | 0 out of 2 (0%) |
| Non-executive Directors | 0 out of 2 (0%) |

The Diversity Policy is available on the Company’s website.

1.6 Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors

The performance of the Board, each Board Committee and individual Directors is evaluated under the direction of the Chair. Due to the transition period within the Board, performance reviews will be conducted in due course.

1.7 Companies should disclose the process for evaluating the performance of senior executives

Senior executives are subject to annual performance evaluations carried out by the Managing Director or the Chair for the Managing Director. The assessments are reviewed by the Remuneration Committee. Due to the small number of executives the performance review was conducted on an informal basis.

Details on key management personnel remuneration are contained in the Remuneration Report section of the Directors’ Report in the Company’s 2019 Annual Report.

Principle 2: Structure the Board to add value

At the end of the financial year, the Board had three Directors comprising of the Executive Chairman, an Executive Director and a Non-executive Director, all three of whom, including the Chairman, are currently not independent. The Directors of Avenira during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities are listed on the Company’s website as well as on pages 6 and 7 of the Company’s 2019 Annual Report.

It should be noted that Chairman, Mr Brett Clark, has been engaged by the Board to perform specific executive services from 1 July 2018. This will result in Mr Clark considered non-independent for the period he is required to perform these services. It is currently envisaged that Mr Clark will return to an independent capacity sometime during the 2020 financial year.

The Board met 17 times during the financial year. Director attendances are set out on page 22 of the Directors Report in the Company’s 2019 Annual Report.

2.1 The Board should establish an appropriately structured nomination committee

- a) Due to a transition period within the Company and its Board members, the Company does not have Nomination and Remuneration Committee. The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration and Nomination Committee with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.

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

- b) Due to a transition period within the Company and its Board members, the Company does not currently have a Nomination and Remuneration Committee. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination and Remuneration Committee under the Remuneration and Nomination Charter, including the following processes to address succession issues and ensure the Board independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:
- i. to provide all directors with access to ongoing education relevant to their position in the Company to develop their expertise and to address any skill gaps identified in the Board skills matrix
 - ii. provide a succession plan for directors and the Managing Director in order to maintain an appropriate mix of skills, experience, expertise and diversity on the Board

2.2 The Board should establish and disclose a board skills matrix on the skills and diversity for Board membership

The Board considers that there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of the Company, the stage of its development and the nature of its operations. The Company seeks to maintain a Board of Directors with a broad range of financial, industry and other relevant skills, experience and knowledge. The Board has developed a matrix to consider the appropriate mix of skills, experience, expertise and diversity across its current membership and to assist in identifying what may be required of candidates in the event a new director is required.

Collectively, the Board has an extensive range of commercial skills and other relevant experience which are vital for the effective management of the business. Board members, including some who are also directors of other ASX-listed companies, together have a combination of experience in the following business areas:

- | | |
|----------------------------------------|-------------------------------------|
| • merger and acquisition transactions; | • leadership; |
| • corporate governance and risk; | • accounting and finance; |
| • human resources; | • health and safety; |
| • investor relations; | • mineral exploration and geology; |
| • public capital markets; | • relevant geographic experience; |
| • corporate strategy | • mineral project development; and |
| • phosphate and phosphate marketing; | • mining operations and production. |

The Company will monitor the skills of the Board on an ongoing basis especially as it moves from an exploration company to a production company.

2.3 The Company should disclose whether its Directors are independent

Avenira considers a Director to be independent where they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interest of the entity and its security holders generally.

The Directors are required to complete an independent questionnaire based on factors relevant to assessing the independence of a director as set out in box 2.3 of the ASX Corporate Governance Council Principles and Recommendations. The Board will review the independence of each Director at a minimum, on an annual basis.

The following table sets out the Directors of the Company at the end of the reporting period, including their length of service and non-executive and independent status.

Due to a transition within Company and its Board members, no Directors can be identified as being Independent. The Company is taking steps to ensure at least one member of the Board is Independent.

| Name | Appointment Date | Current Length of Service | Non-executive? | Independent? |
|----------------|------------------|---------------------------|----------------|--------------|
| Brett Clark | 14 Dec 2017 | 1 year 6 months | No | No |
| Timothy Cotton | 23 Sept 2015 | 3 year 9 months | Yes | No |
| Louis Calvarin | 29 Mar 2018 | 2 year 3 months | No | No |

2.4 The majority of the Board should be comprised of independent Directors

At the end of the financial year, none of the three Directors were independent. Mr Calvarin as formerly the Managing Director is not considered independent. Mr Cotton is not considered independent due to their respective shareholding in the company.

It should be noted Non-Executive Chairman, Mr Brett Clark, has been engaged by the Board to perform specific executive services from 1 July 2018. This will result in Mr Clark considered non-independent for the period he is required to perform these services. It is currently envisaged that Mr Clark will return to an independent capacity sometime during the 2019 financial year.

The Avenira Board does not consist of a majority of independent Directors. All Directors, whether they are considered independent or not, are expected to bring their independent views and judgement to the Board and act in the best interests of the Company. The Board considers that due to the extensive experience and knowledge that the current Directors have of the business, it would be contrary to the shareholders' best interests if the Directors were precluded from holding the position of Director on these grounds.

2.5 The Chair should be an independent Director and should not be the same person as the CEO

The role of the Avenira Chair and Managing Director has been performed by two separate individuals for the year.

The role of Avenira Chief Executive Officer is undertaken by executive Mr Louis Calvarin. It should be noted that as of 1 July 2019, Mr Louis Calvarin became a Non-Executive Director.

2.6 The Board should establish a program for inducting new directors and provide appropriate professional development opportunities for Directors

New Directors are provided with a formal letter of appointment and induction pack which includes a range of information to allow them to gain an understanding of their rights and responsibilities, the role of the Board, its Committees and senior executives and the Company's financial, strategic, operational and risk management policies and position. The Board Charter provides that the Company Secretary is responsible for arranging an induction program for any new director to enable the Director to gain an understanding of matters including the Company's operations and the industry in which it operates, the Company's culture and values, and its financial, strategic, operational and risk management position. The program may include presentations and meetings with Directors and senior executives and site visits. Directors are encouraged to undertake professional development opportunities as and when required in order to further develop and maintain their skills and knowledge.

Principle 3: Promote ethical and responsible decision making

3.1 Companies should establish a Code of Conduct

The Company has established a Code of Conduct (**the Code**) which applies to all employees. The Code is a guide for the way we operate and each employee will abide by the following minimum standards:

- treat each other with respect and dignity;
- respect the law and act accordingly;
- be fair and honest in dealings;
- use the Company's property responsibly and in the best interests of the Company and its reputation;
- be responsible for actions and accountable for their consequences; and
- be responsible to the community and the individual.

Employees are responsible for actively reporting any inappropriate behaviour, corrupt practices or any breaches of the law or the Code. In order to do so employees are encouraged to follow the steps outlined in the Whistleblower Policy.

In addition, a Code of Conduct for Directors and Executives has been established. It aims to promote the highest standards of ethics and integrity, disclose any perceived conflicts of interest, respect confidentiality, be honest and protect the assets of the company.

The Code of Conduct, Code of Conduct for Directors and Executives and the Whistleblower Policy are available on the Company's website.

Principle 4: Safeguard integrity in corporate reporting

4.1 The Board should establish an appropriately structured audit committee

The Board has established an Audit Committee. It is comprised of the following members:

| Director | Executive Status | Independence Status |
|----------------|------------------------|---------------------|
| Timothy Cotton | Non-executive Director | No |

The Audit Committee discusses directly with the auditors in respect of each half year and full year, all relevant financial aspects of the Company.

The Audit Committee Charter which sets out the Committee's role and responsibilities, composition, structure and membership requirements is available on the Company's website.

4.2 CEO and CFO certification of financial statements

Prior to Board approval of the Company's half year and annual financial reports the Managing Director and the Chief Financial Officer provide the Board with declarations required under section 295A of the Corporations Act 2001 (Cth).

The declarations state that, in their opinion, the financial records of Company had been properly maintained and that the financial statements complied with the appropriate accounting standards and gave a true and fair view of the financial position and performance of the Company and that those opinions had been formed on the basis of a sound system of risk management and internal control which was operating effectively.

For periodic financial reports declarations by the Managing Director and Chief Financial Officer are provided as required.

4.3 External auditor availability at AGM

The external auditor, Ernst & Young, attends Avenira's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and preparation and conduct of the Independent Auditor's Report. Shareholders are also given the opportunity to submit written questions prior to the meeting. The Company considers that this is important in promoting and encouraging shareholder participation and reflects and supports the roles of the auditor and the auditor's accountability to shareholders.

Principle 5: Make timely and balanced disclosure

5.1 Companies should establish continuous disclosure policies and ensure compliance with those policies

The Company has adopted a Continuous Disclosure Policy to:

- provide shareholders and the market with timely, direct and equal access to information issued by the Company;
- promote investor confidence in the integrity of the Company and its securities;
- ensure compliance by the Company with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules, and to ensure accountability at a senior executive level for that compliance.

The Company Secretary reports to the Board at periodic Board meetings on all announcements released to the ASX. Where practicable, Directors review draft copies of all significant announcements before release to the ASX. All ASX announcements are available in the Investor Centre section on the Avenira website.

The Managing Director is responsible for determining what information is to be disclosed.

The Continuous Disclosure Policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

6.1 The Company should provide information about itself and its governance to shareholders on its website

The Company's website www.avenira.com provides detailed information about the Company, including its background, objectives, projects, contact details and all key corporate policies and statements. ASX announcements, Company Reports and presentations are uploaded to the website following release to the ASX.

Shareholders can find information about the Company's corporate governance practices on the website within the Corporate Governance section under About Us. This includes the Company's Constitution, Board and Committee Charters and the Company's other corporate governance policies.

6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with shareholders

The Company is committed to engaging with shareholders and using a variety of tools to facilitate effective two-way communication. In doing so it has adopted a Shareholder Communications Policy which outlines the range of media used to communicate with shareholders and the types of information provided. The Company encourages participation by shareholders at the Company's General Meetings, investor presentations and via the contact details provided on the Company's website.

Shareholders can also register with the Company to receive e-mail notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report,

half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is posted.

The Shareholder Communications Policy is available on the Company's website.

6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders

The Company sees General Meetings as an important forum for reciprocal communication between itself and shareholders. Such meetings allow opportunities for shareholders to hear from and put questions to the Board, senior executives and the external auditor. In order to maximise shareholder participation at General Meetings, and to enable those shareholders who are unable to attend, the Company welcomes questions or comments to be submitted prior to the meeting. Such questions or comments will, where appropriate, be answered or responded to at the General Meeting, either verbally or in writing.

6.4 The Company should provide the option to send and receive communications from the Company and its Share Registry in electronic form

The Company provides shareholders with the option of receiving communications from, and sending communications to, the Company and Share Registry electronically, for reasons of cost, convenience and environmental considerations. The Company provides a printed copy of the Annual Report only to those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Company's website.

Shareholders are encouraged to register on the Company website to receive email alerts of ASX Announcements and Media Releases and other news. The Company's Share Register is managed and maintained by Computershare Invector Services Pty Limited. Shareholders can access their shareholding details or make enquiries about their shareholding electronically through the Computershare website or by emailing web.queries@computershare.com.au.

Principle 7: Recognise and manage risk

7.1 The Company should establish an appropriately structured risk management committee for the oversight of material business risks

The Board has not set up a separate risk management committee and approaches risk on a full Board basis. The Board as a whole assess:

- the adequacy of the Company's processes for managing risk;
- any incident involving fraud or other breakdown of the Company's internal controls; and
- the Company's insurance program having regard to the Company's insurable risks associated with its business.

The Company is committed to the identification, monitoring and management of material business risks of its activities. The Company has a Risk Management Policy which can be found on Avenira website under Corporate Governance. The Board is responsible for overseeing and approving risk management strategy and policies, whilst management is responsible for internal compliance and internal control. Management provides specific recommendations to the Board regarding the existence and status of business risks.

The Company is in the process of establishing a risk register that will be maintained by management on an ongoing basis.

7.2 The Board or a Committee of the Board should review the Company's risk framework at least annually to satisfy itself that it continues to be sound

The Board oversees the Company's management of risks and receives reports from management at regular intervals. The Board does not receive a formal report from management on whether the Company's material business risks are being managed effectively as its current risk management reporting process is sufficient for the Company's current stage of development. Key risk areas are

a standing agenda item at Board meetings for discussion as required.

There was no formal review of the Company’s risk management framework during the financial year.

7.3 The Company should disclose the structure and role of its internal audit function

The Company does not have a dedicated internal audit function. The Board considers this is appropriate, due to its size and stage of development of Avenira operations. The Board and Audit Committee regularly discusses the appropriateness of controls with the external auditor and if considered necessary would initiate an audit of a particular function.

7.4 The Company should disclose their economic, environmental and social sustainability risks and how those risks are managed

The Company has exposure to the following risks:

- *Equity Capital markets* – the company is currently generating minimal cash flow and is reliant upon the existing shareholders and equity capital markets to fund the company’s activities. The Company maintains close control on its finances and communicates frequently to its shareholders and the market as to the Company’s strategy to manage this risk.
- *Commodity price* – the company like all resource companies, is exposed to the commodity price volatility. The company endeavours to mitigate the risk exposure in this area by focusing on maintaining high quality relationships with its customers to ensure that its supplies of phosphate meet their expectations in terms of quality, consistency, and reliability of supply.
- *Environmental risks* – at the present stage of development the Company is exposed to few environmental risks. The company has an Environmental Policy which is available on the Company’s website.
- *Social sustainability risks* – also at the present stage of development the Company is exposed to few social and sustainability risks. The Company is committed to building and sustaining mutually beneficial relationships, and support within the local communities.

As the Company moves through the development phase, the above risks will become more significant which will result in the Company proactively managing through periodic monitoring and assessment.

Principle 8: Remunerate fairly and responsibly

8.1 The Board should establish an appropriately structured remuneration committee

The Board has established a Remuneration Committee in conjunction with the Nomination Committee. The Committee comprises of the following members:

| Director | Executive Status | Independence Status |
|---------------------|------------------------|---------------------|
| Brett Clark - Chair | Non-executive Director | No |
| Timothy Cotton | Non-executive Director | No |

As at the date of this Annual Report, the Remuneration and Nomination Committee consists of two Non-executive Directors, none of whom two are independent. The Chair of the Remuneration and Nomination Committee is Mr Brett Clark.

The membership of the Committee throughout the year under review, including their qualifications and experience are disclosed in the Directors Report section of the Company’s 2019 Annual Report. Details on the number of meetings held throughout the year and attendance at those meetings can also be found on page 22 in the Directors Report section of the Company’s 2019 Annual Report.

The Remuneration and Nomination Committee Charter which sets out the Committee’s role and responsibilities, composition, structure and membership requirements is available in the Corporate Governance section on the Company’s website.

8.2 The Company should distinguish between Non-executive Directors' remuneration and that of executive Directors and senior executives

The Company's remuneration structure distinguishes between Non-executive Directors and that of the Managing Director and the Senior Executive team. Non-executive Directors are paid fees from an aggregate sum approved by shareholders of the Company.

Remuneration for the Managing Director and Senior Executives are documented in employment contracts. Details of remuneration, including the Company's policy on remuneration are contained in the Remuneration Report which forms part of the Directors' Report in the Company's 2018 Annual Report.

8.3 The Company should establish a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes

Directors and Senior Executives are prohibited from entering into transactions which would limit the economic risk of any unvested entitlements under any equity-based remuneration schemes.