



**KASBAH RESOURCES LIMITED**  
**ACN 116 931 705**

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**CORPORATE GOVERNANCE STATEMENT**

**FOR THE PERIOD**

**1 JULY 2016 TO 30 JUNE 2017**

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## Corporate Governance Statement – 2017

This statement has been approved by the Board and covers the period 1 July 2016 to 30 June 2017. It is current as at 20 September 2017.

### Kasbah's approach to Corporate Governance

This Statement explains how Kasbah addresses the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3rd Edition' (referred to as either ASX Principles or Recommendations).

Where Kasbah's corporate governance practices do not correlate with the ASX Principles and Recommendations it is because the Board does not consider it practical to implement those recommendations due to the size and stage of development of Kasbah's operations and the Board's reasoning for any departure is explained.

#### **Principle 1: Lay solid foundations for management and oversight**

***Recommendation 1.1 – Companies should establish the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.***

#### **Responsibilities of the Board**

The Board is ultimately responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The Board delegates authority to Senior Executives to carry out specific duties in support of the objectives of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:

- a) Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance.
- b) Appointment, and where necessary, the replacement, of the Managing Director or Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination.
- c) Approving the Company's remuneration framework.
- d) Monitoring the timeliness and effectiveness of reporting to Shareholders.

- e) Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters.
- f) Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures.
- g) Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored.
- h) Approving the annual, half yearly and quarterly accounts.
- i) Approving significant changes to the organisational structure.
- j) Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends.
- k) Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable).
- l) Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.
- m) Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

The Board has established the following committees to assist it in discharging its functions:

- Audit Committee; and
- Remuneration Committee.

The Board and Committees holds regular meetings and Directors' attendance at these meetings is set out in the Directors' Report section of the Company's Annual Report.

It is the role of Senior Executives to manage the day to day operations of 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 Board ensures that the Managing Director or Chief Executive Officer and other Senior Executives are appropriately qualified and experienced to discharge their responsibilities and that there are in place procedures to assess the performance of the Managing Director or Chief Executive Officer and Senior Executives.

### Independent Professional Advice and Access to Information

Each Director has the right of access to all of the Company's information and to Kasbah's Executives. Further, each Director and the Board collectively has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

***Recommendation 1.2 – Companies should carry out appropriate checks of board candidates and provide information to shareholders that is material to their candidacy.***

The Board oversees arrangements for the effective appointment of new Directors. When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

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

New Directors consent to act as a director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

Each Executive is employed under an Agreement which sets out the terms on which the Executive is employed including details of the Executive's duties and responsibilities, rights, and remuneration entitlements. The Executive Employee Employment Agreement also sets out the circumstances in which the employment of the Executive may be terminated by either the Company or the Executive, including details of the notice periods required to be given by either party, or the amounts payable to the Executive as a consequence of the termination by the Company of the Executive's employment.

***Recommendation 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.***

Kasbah's Company Secretary also fulfils the Chief Financial Officers role in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the Managing Director or Chief Executive Officer but for any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line and is accountable to the Chair of the Board.

***Recommendation 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 Company values diversity and recognises the benefits it can bring to the organisation’s ability to achieve its goals. Accordingly, the Company has developed a diversity policy which is included in the Corporate Governance Manual located on Kasbah’s website under “Corporate Governance.” This policy outlines the Company’s objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board, at the appropriate time, to establish measurable objectives for achieving diversity and for the board to assess annually both the objectives and the Company’s progress in achieving them.

At the date of this report the Company has only two Senior Executive positions (Chief Operating Officer and the Chief Financial Officer / Company Secretary) both of which are currently filled by men.

Due to the current size, nature and scale of the Company’s activities the Board has not yet developed objectives regarding gender diversity. As the size and 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. The following table reflects gender diversity for the Company at the date of this report:

	<b>Total</b>	<b>Women</b>	<b>% of Women</b>
Employees at site in Morocco	7	0	0%
Employees at head office in Australia	4	0	0%
<b>Employees in the whole organisation</b>	<b>11</b>	<b>0</b>	<b>0%</b>
Senior Executives	2	0	0%
Board members	4	0	0%

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

The Board and Committees review their performance after each meeting by informal discussion. In addition an annual review of Board performance is completed by the Chair and the performance of individual directors was conducted during the year by the completion of a survey by all directors. The Board has identified that increased independence and diversity on the Board is to be continually assessed as the Company’s size and operations expand, warranting an increase in the size of Board.

***Recommendation 1.7 – Companies should disclose the process for evaluating the performance of the Executive Team.***

The performance of Senior Executives of the Company is to be reviewed annually with the appraisal carried out by the Chief Executive Officer or the Chair for the Chief Executive Officer. The assessments are reviewed by the Remuneration Committee. During the year there has been a change in all Senior Executives positions with the exception of the CFO / Company Secretary which was announced during the year but occurred subsequently. As a result performance reviews were conducted on a more informal basis with no changes to remuneration being made. A Short Term Incentive (STI) programme has recommenced for senior executive positions and will be used to assess Senior Executives against performance in the future.

**Principle 2: Structure the Board to add value**

Kasbah's Constitution provides for a minimum of three directors and a maximum of nine.

The Directors of Kasbah at any time during the financial year are listed on the Company's website with a brief description of their qualifications, appointment date, experience and special responsibilities. These descriptions can also be found in the Annual Report.

The Board met 22 times during the financial year. Director's attendances are set out in the Director's Report section of the Company's Annual Report.

***Recommendation 2.1 – The Board should establish an appropriately structured nomination committee.***

The Board has not set up a separate nomination committee. The Board as a whole assesses the necessary competencies of the Board, reviews Board succession plans and develops policies and processes for evaluation of the Board and the nomination, appointment and re-election of Directors.

These responsibilities, as set out in the Board Charter and Nomination Committee Charter, are carried out by the Managing Director or Chief Executive Officer and the Chair and then ratified by the Board rather than a separate nomination committee.

***Recommendation 2.2 – The Board should establish and disclose a board skills matrix on the mix of skills and diversity for Board membership.***

The Company seeks to maintain a Board of Directors with a broad range of skills, experience and knowledge relevant to overseeing the business of a junior exploration company. The Board has developed a matrix to consider the mix of appropriate skills, experience, expertise and diversity for Board Membership. As well as general skills expected for Board membership the matrix includes items such as relevant experience within geology, mining and the tin industry. Diversity of the Board, including gender diversity, is a consideration included in the matrix.

The Board continues to recognise that additional Operational or Underground Mining skills would strengthen the Company as it progresses into construction and development. Currently the Board is of the view that until a full development decision has been made that it is more cost effective to engage external consultants and advisors on an as needs basis to assist in matters where the current Board requires additional support.

**Recommendation 2.3 – The Company should disclose whether its Directors are independent.**

Kasbah 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 judgement to bear on issues before the Board and to act in the best interest of the entity and its security holders generally.

The Board has adopted a definition of independence based on that set out in Principle 2.3 of the ASX Corporate Governance Council Principles and Recommendations. The Board will review the independence of each Director in light of interests disclosed to the Board from time to time.

Details of the Board of Directors, their appointment date, resignation date and independence status is as follows:

Director	Appointment Date	Resignation Date	Independence Status
John Gooding	8 February 2017	-	Independent Non-executive Chairperson
Graham Freestone	8 February 2017	-	Independent Non-executive Director
Stephen Gill	23 December 2016	-	Non-independent Non-executive Director
Hedley Widdup	27 February 2016	-	Non-independent Non-executive Director
Mike Brook	3 August 2015	27 February 2017	Non-independent Non-executive Director
Gabrielle Moeller	28 May 2014	8 February 2017	Independent Non-executive Director / Chairperson
Wayne Bramwell	31 October 2005	8 February 2017	Non-independent Managing Director
Rod Marston	15 November 2006	18 December 2016	Independent Non-executive Chairperson
Ian McCubbing	1 March 2011	18 December 2016	Independent Non-executive Director
Giles Robbins	3 August 2015	18 December 2016	Non-independent Non-executive Director

In relation to the current Board, the Board has made the determination that Mr John Gooding and Mr Graham Freestone are Independent Directors. Mr Stephen Gill and Mr Hedley Widdup are considered to be non-independent directors as they are representatives of significant shareholders in the Company.

No Director has received or has become entitled to receive a benefit because of a contract between any company in the Kasbah Group and the Director, or a firm in which the Director is a substantial member, or an entity in which the Director has a substantial financial interest, other than:

- in the case of non-executive Directors, remuneration as disclosed in the Annual Report which includes the issuance of options approved by shareholders; and
- in the case of the past Managing Director, a contract of employment and entitlements under Kasbah's short and Long-Term Incentive Plans.

Directors have unfettered access to Kasbah records and information reasonably necessary to fulfil their responsibilities. Directors also have access to the Company Secretary on any matter relevant to their role as a Director. In addition, the Board has access to other relevant senior management to seek additional information concerning Kasbah's business.

Under Kasbah's Board Charter, the Board collectively, and each Director individually, has the right to seek independent professional advice at Kasbah's expense to help them carry out their responsibilities.

It is practice for the non-executive Directors to confer, without management being present, at the end of each scheduled Board meeting.

***Recommendation 2.4 – The majority of the Board should be comprised of independent Directors.***

During the entire period 1 July 2016 to 30 June 2017 and subsequent to this period there has not been a majority of independent directors and therefore the Company is not in compliance with Principle 2.4 of the ASX Corporate Governance Council Principles and Regulations. During the period 1 July 2016 to 18 December 2016 there were three directors who were considered independent out of a total of six directors. For the period 19 December 2016 to 23 December 2016 there was only one director out of three directors who was considered independent. For the period 24 December 2016 to 8 February 2017 there was only one director out of four directors who was considered independent. For the period 9 February 2017 to 30 June 2017 and subsequently there are only two directors out of four directors who are considered independent. Non independent status of board members was as a result of being a representative of significant shareholders or being part of executive management in the case of the former managing director.

The Board is of the view that given the size and the stage of developments of Kasbah's operations, representation on the Board by significant shareholders is warranted and that appropriate mechanisms are in place to avoid perceived or actual conflicts of interests.



***Recommendation 2.5 – The Chair should be an independent Director and should not be the same person as the Managing Director / Chief Executive Officer.***

The role of Kasbah’s Chair and Managing director /Chief Executive Officer was performed by separate individuals for the entire period as per below:

Position	Person	Period
Chairperson:	Rod Marston	1 July 2016 – 18 December 2016
	Gabrielle Moeller	18 December 2016 – 8 February 2017
	John Gooding	8 February 2017 – 30 June 2017
Managing Director / Interim Chief Executive Officer / Chief Executive Officer:	Wayne Bramwell	1 July 2016 – 23 December 2016
	Richard Hedstrom	23 December 2016 – 30 June 2017

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

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The roles and responsibilities of the Executive Team; and
- Kasbah’s financial, strategic, and operational risk management position.

As part of their induction new directors will receive an information pack which includes a copy of Kasbah’s Constitution; Corporate Governance Manual; most recent Annual Report; most recent Quarterlies; organisational chart; Deed of Access, Insurance and Indemnity and details of Kasbah’s Directors and Officers insurance policy; and a copy of the register of Kasbah’s most significant risks.

A program of meetings with members of Kasbah’s Executive Team and Auditor is also offered to new directors prior to any new director accepting the role.

Members of the Board are encouraged to undertake the Australian Institute of Company Directors Association Directors course and maintain their own professional development by attending appropriate seminars.

**Principle 3: Promote ethical and responsible decision making**

***Recommendation 3.1 – Companies should establish a Code of Conduct.***

Kasbah has a Code of Conduct that applies to Kasbah and its Directors, Senior Executives, employees and contractors. The Code of Conduct is published on the Company’s website under Corporate Governance – Corporate Governance Manual.

The Code of Conduct sets out a number of overarching principles of ethical behaviour which are set out under the following headings:

- Respect for the law
- Fair treatment of People
- Personal and Professional Behaviour
- Process for determining whether a breach of the Code has occurred
- Exercising care and diligence in employment

Training about the Code of Conduct is part of the induction process for new Kasbah employees, directors and contractors.

**Principle 4: Safeguard integrity in corporate reporting**

***Recommendation 4.1 – The Board should establish an appropriately structured audit committee.***

The Board maintains an Audit Committee, the members of which were:

Director	Changes in Status	Executive Status	Independence Status
Graham Freestone – Chair	Appointed 27 February	Non-Executive Director	Independent
John Gooding	Appointed 27 February	Non-Executive Director	Independent
Hedley Widdup	Appointed 27 February	Non-Executive Director	Non-independent
Mike Brook	Appointed 29 December 2016, Resigned 27 February 2017	Non-Executive Director	Non-independent
Wayne Bramwell	Appointed 29 December 2016, Resigned 8 February 2017	Executive Director	Non-independent
Ian McCubbing – Former Chair	Resigned – 18 December 2016	Non-Executive Director	Independent
Rod Marston	Resigned – 18 December 2016	Non-Executive Chairman	Independent
Gabrielle Moeller	Resigned – 8 February 2017	Non-Executive Director	Independent

Members independence status is included in the above table. Details of the qualifications and experience of all Committee members are disclosed in the Director's Report section of the Annual Report.

During the period 18 December 2016 to 29 December 2016 and the period 9 February 2017 to 26 February 2017 the Audit Committee only consisted of one member due to director resignations but these anomalies were rectified prior to any Audit Committee Meetings occurring. In addition during the period 29 December 2016 to 26 February the Audit Committee did not consist of a majority of independent directors. Mr Wayne Bramwell as past Managing Director of Company is not considered independent and Mr Mike Brook as a representative of a substantial shareholder was also not considered independent.

As such for the period 19 December 2016 to 26 February 2017 the Company was not in strict compliance with Principle 4.1 of the ASX Corporate Governance Council Principles and Regulations which recommends that an audit committee has at least three members, all of whom are non-executive directors and a majority of whom are independent.

The Board was of the view that given the limited number of Board Members and size and the stage of development of Kasbah's operations at the time, representation on the Audit Committee by a significant shareholder and a director who was holding an executive position was warranted and that appropriate mechanisms were in place to avoid perceived or actual conflicts of interests.

In accordance with the Audit Committee Charter the primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee will:

- oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
- determine the independence and effectiveness of the external and internal auditors;
- maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
- review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
- review the adequacy of the reporting and accounting controls of the Company.

The Managing Director or Chief Executive Officer and CFO/Company Secretary attend Committee meetings at the discretion of the Committee. Other non-executive Directors may attend meetings.

The Committee may meet privately with the external auditor on general matters concerning the external audit and other related matters, including the half-year and full-year financial reports.

The Company Secretary is the secretary to the Committee. Copies of the minutes of a meeting of the Committee are distributed to the Board for discussion at the next full Board meeting. The Chair of the Committee reports to the Board on the Committee's conclusions and recommendations.

The Committee collectively, and its members individually, have access to internal and external resources, including access to advice from external consultants or specialists.

The Committee met 4 times during the year. Directors' attendances are set in the Director's Report Section of the Annual Report.

### **Charter of the Audit Committee and monitoring the performance of the external auditor**

The Committee operates under a formal Charter as published on Kasbah's website under Corporate Governance – Corporate Governance Manual. The Charter is reviewed annually. The Charter sets out the roles and responsibilities, composition, structure and membership requirements of the Committee.

The Charter contains details of the procedures for the selection, appointment, independence and performance of the external auditor.

Under the Charter, the external auditor is precluded from providing any services that might threaten their independence, or conflict with their assurance and compliance role.

Reports on the provision of auditing and related services are provided to the Committee. The Directors have concluded that non-audit services provided did not compromise the external auditor's independence requirements under the Corporations Act.

The performance of the external auditor is discussed by the Committee following completion of the full year financial statements.

#### ***Recommendation 4.2 – CEO and CFO certification of financial statements.***

Both the Chief Executive officer and the Chief Financial Officer make a statement to the Board prior to approval of the annual and half-yearly accounts 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.

#### ***Recommendation 4.3 – External auditor availability at AGM.***

The external auditor attends Kasbah's Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to Kasbah at least five business days before the day of the meeting.

No questions were sent to the auditor in advance of the 2016 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by Kasbah and the independence of the auditor.

**Principle 5: Make timely and balanced disclosure**

***Recommendation 5.1 – Companies should establish continuous disclosure policies and ensure compliance with those policies.***

**Market Disclosure**

Kasbah's Continuous Disclosure Policy describes Kasbah's continuous disclosure obligations and how they are managed by Kasbah. The Policy is published on Kasbah's website under Corporate Governance – Corporate Governance Statement.

The Managing Director or Chief Executive Officer and the Company Secretary have been designated as the Company's disclosure officers responsible for implementing and administering this policy.

**Accountability**

The Company Secretary reports to the Board monthly on matters that were either notified or not notified to the ASX. Directors review draft copies of all significant announcements and receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available in the Investor Centre section of Kasbah's website.

**Financial market communications**

Communication with the financial market and the media is the responsibility of the Managing Director or Chief Executive Officer, Chair and Chief Financial Officer.

The Continuous Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

**Principle 6: Respect the rights of shareholders*****Recommendation 6.1 – Companies should provide information about itself and its governance to shareholders on its website.***

Kasbah's website at [www.kasbahresources.com](http://www.kasbahresources.com) provides detailed information on 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.

***Recommendation 6.2 – Companies should design and implement an investor relations program to facilitate two-way communication with shareholders.***

The Company respects the rights of its shareholders and seeks to facilitate the effective exercise of those rights by promoting effective proactive communication with shareholders and encouraging shareholder participation at annual general meetings. Shareholder feedback through our website and third party sites provide the opportunity to address questions to the company. Appropriate measures are also taken to keep shareholders informed about the Company's activities and to listen to issues or concerns raised by shareholders. The Company has established a Shareholder Communications Policy which is available in the Corporate Governance Manual located on Kasbah's website under Corporate Governance – Corporate Governance Statement.

Fundamental to Kasbah's investor relations program is the management of its continuous disclosure obligations which facilitates all shareholders having access to important company information. In addition to lodging this information with the ASX, Kasbah uses its website and social media to make available to shareholders information about the company and its activities.

Shareholders can also register with the Company to receive e-mail notifications of 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 Board papers include a section of feedback from shareholders and issues raised by the investing community. Kasbah also regularly engages with government bodies, local community groups and other stakeholders in jurisdictions where the Company has developing projects to keep them up to date on progress of projects.

***Recommendation 6.3 – Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.***

Notices of meeting sent to Kasbah's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and at the meeting the Chair attempts to answer as many of these as is practical.

The Chair also encourages shareholders at the meeting to ask questions and make comments about Kasbah's operations and the performance of the Board and senior management. The Chair may respond directly to questions or at his discretion may refer a question to another Director, the Managing Director or Chief Executive Officer or a member of the Executive Team.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

***Recommendation 6.4 – Companies should provide the option to send and receive communications from the company and its share registry in electronic form.***

Shareholders have the option of electing to receive all shareholder communications, by e-mail. Kasbah provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Company with an email address and elects to be notified of all Kasbah ASX announcements.

The Kasbah Share Register is managed and maintained by Link Market Services Limited. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Link Market Services investor centre at: <https://investorcentre.linkmarketservices.com.au/Login/Login>

**Principle 7: Recognise and manage risk**

***Recommendation 7.1 – Companies 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 assesses:

- the adequacy of the Company's processes for managing risk;
- any incident involving fraud or other break down 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 and Internal Compliance and Control Policy which can be found on Kasbah's website under Corporate Governance – Corporate Governance Statement. Management is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. Management provides specific recommendations to the Board regarding the existence and status of business

risks. The Company has established a risk register that is maintained by management on an ongoing basis.

The Board oversees the Company's management of risks and receives reports from management at regular intervals. The Board does not require 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.

Through this oversight function and management reporting process, the Board reviews the areas of material business risks and aims to ensure, where applicable, that management has appropriate measures in place to protect the assets of the Company.

***Recommendation 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.***

As mentioned above the Board oversees the Company's management of risks and receives reports from management at regular intervals. In addition the Board annually reviews the Company's risk management framework to satisfy itself that it continues to be sound.

This review process did take place during the period.

***Recommendation 7.3 - Companies should disclose the structure and role of its internal audit function.***

The Company does not have an internal audit function due to its size and stage of development of Kasbah's operations. The Board believes that the external financial audits and the Boards and management regular reviews of risks management and internal control processes is sufficient for a company of this size.

***Recommendation 7.4 – Companies 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 without a 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 commodity price volatility. At this stage (pre-development) the company's risk exposure in this area is limited.
- Environmental risks – at the present stage of pre-project development the Company is exposed to few environmental risks. The Company has an Environmental Policy and an active Risk / Hazard identification programme at its operating site.



- Social sustainability risks – also at this present stage of pre-project development the Company is exposed to few social and sustainability risks. The Company maintains close awareness of its social responsibilities and to this end in Morocco, it has established a pattern of frequent personal contact between Management and representatives of the local community and regional administration. At this stage of project pre-development the Company uses these contact sessions to manage local expectations of employment and community development in particular.

**Principle 8: Remunerate fairly and responsibly**

***Recommendation 8.1 – The Board should establish an appropriately structured remuneration committee.***

The Board has established a Remuneration Committee to assist the Board. The members of the Remuneration Committee are:

Director	Changes in Status	Executive Status	Independence Status
Graham Freestone - Chair	Appointed 27 February 2017	Non-Executive Director	Independent
John Gooding	Appointed 27 February 2017	Non-Executive Chairman	Independent
Hedley Widdup	Appointed 27 February 2017	Non-Executive Director	Non-independent
Stephen Gill	Appointed 29 December 2017	Non-Executive Director	Non-independent
Mike Brook	Appointed 29 December 2016, Resigned 27 February 2017	Non-Executive Director	Non-independent
Wayne Bramwell	Appointed 29 December 2016, Resigned 8 February 2017	Executive Director	Non-independent
Ian McCubbing – Former Chair	Resigned 18 December 2016	Non-Executive Director	Independent
Rod Marston	Resigned 18 December 2016	Non-Executive Chairman	Independent
Gabrielle Moeller	Resigned 8 February 2017	Non-Executive Director	Independent

The responsibilities of the Remuneration Committee are set out in a formal Charter approved by the Board which is available in the Corporate Governance Manual located on Kasbah's website under Corporate Governance – Corporate Governance Statement.

Members independence status is included in the above table. Details of the qualifications and experience of all Committee members are disclosed in the Director's Report section of the Annual Report.

During the period 18 December 2016 to 29 December 2016 the Remuneration Committee only consisted of one member due to director resignations and during the period 9 February 2017 and 26 February 2017 the Remuneration Committee only consisted of two member for the same reason but these anomalies were rectified prior to any Remuneration Committee Meetings occurring during these periods.

In addition since the 29 December 2016 the Remuneration Committee does not consist of a majority of independent directors. Mr Wayne Bramwell as past Managing Director of Company was not considered independent and Mr Mike Brook, Mr Hedley Widdup and Mr Stephen Gill as representatives of substantial shareholders are also not considered independent.

As such since 19 December 2016 the Company was not in strict compliance with Principle 8.1 of the ASX Corporate Governance Council Principles and Regulations which recommends that a remuneration committee has at least three members, all of whom are non-executive directors and a majority of whom are independent.

The Board is of the view that given the limited number of Board Members and the size and the stage of development of Kasbah's operations at this time, representation on the Remuneration Committee of significant shareholders and a director who was holding an executive position at the time is warranted and that appropriate mechanisms are in place to avoid perceived or actual conflicts of interests.

The Remuneration Committee monitors and reviews the performance of the Managing Director or Chief Executive Officer, Senior Executives and management. The Remuneration Committee also has responsibility for ensuring the Company:

- Has coherent remuneration policies and practices to attract and retain Directors and Senior Executives who aim to create value for shareholders;
- Observes those remuneration policies and practices; and
- Fairly and responsibly rewards Senior Executives having regard to their performance, the performance of the Company and general remuneration practices adopted by other publicly listed companies.

Further details of the remuneration structure of the Executive Directors, Non-executive Directors and Senior Executives' remuneration are set out in the Remuneration Report section of the Company's Annual Report.

***Recommendation 8.2 – The Company should distinguish between Non-executive Directors’ remuneration and that of executive Directors and Executives.***

Kasbah’s remuneration structure distinguishes between non-executive Directors and that of the Managing Director or Chief Executive Officer and the Senior Executive team. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors’ Report of the Company’s Annual Report.

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