

Corporate Governance Statement (2016)

The board of directors of Cokal Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Cokal Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Cokal Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange (ASX) Corporate Governance Council's (the Council) "Corporate Governance Principles and Recommendations, 3rd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on ASX's website.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

ASX Principles and Recommendations	Summary of the Consolidated Entity's Position
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Principle 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.5 – Listed entities should have a diversity policy.	The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees.
Recommendation 1.5 – Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Due to its size and nature of operations, the Company does not currently have a Diversity Policy. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background. While the Company does not presently comply with Recommendations 1.5, the Company may consider adopting a Diversity Policy in the future as it grows in size and complexity. The Company believes that given the size and nature of its operations, non-compliance with these recommendations will not be detrimental to the consolidated entity.
Recommendation 1.6 – A listed entity should have a policy for periodically evaluating the performance of the board, its committees and individual directors.	No formal performance evaluation of the non-executive directors was undertaken during the year ended 30 June 2016.

Principle 2 – Structure the Board to Add Value

Recommendation 2.1 – The board should establish a nomination committee	The Board's view is that the consolidated entity is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek advice of external advisors in relation to this role. The Board shall, upon the consolidated entity reaching the requisite corporate and commercial maturity, form a nomination committee to assist the Board in relation to the appointment of Directors and senior management.
Recommendation 2.2 – A listed entity should have and disclose a skills matrix.	The Company has not developed a board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report. The Company believes that given the size and nature of its operations, non-compliance with this recommendation will not be detrimental to the consolidated entity.

Principle 2 – Structure the Board to Add Value

Recommendation 2.4 – A majority of the Board should be independent directors

While the consolidated entity does not presently comply with this recommendation, the consolidated entity may consider appointing further independent directors in the future. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this recommendation will not be detrimental to the consolidated entity.

Recommendation 2.5 – The chair should be an independent director

Mr Peter Lynch was the Executive Chairman and Chief Executive Officer of Cokal Limited until 24 June 2016 when he relinquished the CEO role and continued as Non-Executive Chairman. The consolidated entity does not consider Mr Lynch to be an independent director as defined in the ASX Guidelines on the basis that was employed by the Company in an executive capacity in the last three years and is a substantial (greater than 5%) shareholder in the Company.

The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this recommendation will not be detrimental to the consolidated entity.

It is the Board's view that the Company's corporate governance principles, the quality, stature and substantive business knowledge of the members of the Board of Directors, as well as the Board's culture of open communication with the CEO and senior management are conducive to Board effectiveness with a combined Chairman and CEO position.

Principle 4 – Safeguard Integrity in Corporate Reporting

Recommendation 4.1 – The Audit Committee should be structured so that it:

- Consists only of non-executive directors
- Consists of a majority of independent directors
- Is chaired by an independent chair, who is not chair of the board
- Has at least 3 members

The members of the Audit Committee are Domenic Martino (Chairman), Peter Lynch and Pat Hanna.

Mr Domenic Martino is a non-executive director and the current Chairman of the Audit Committee. The consolidated entity does not consider Mr Martino to be an independent director as defined in the ASX Guidelines on the basis that he, together with his associated entities, are in aggregate a substantial (greater than 5%) shareholder in the consolidated entity.

The consolidated entity does not consider Mr Lynch to be an independent director as defined in the ASX Guidelines on the basis that he was employed by the Company in an executive capacity in the last three years and is a substantial (greater than 5%) shareholder in the Company.

Mr Pat Hanna is the Executive Director. The consolidated entity does not consider Mr Hanna to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity.

On the basis of above information, the consolidated entity is of the view that the current Committee does not consist of a majority of independent directors. While the consolidated entity does not presently comply with this Recommendation 4.1, the consolidated entity may consider appointing further independent Directors in the future. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this Recommendation 4.1 will not be detrimental to the consolidated entity.

Principle 7 – Recognise and Manage Risk

Recommendation 7.1 – The board should have a committee to oversee risk

Although the Company has not formed a committee to oversee risk, the Company has adopted a formal framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs as the Company's activities expand. The Board as a whole is able to address these issues and is guided by the adopted risk management framework. The Board believes the current approach to risk management is appropriate given the size and scale of its operations.

Principle 8 – Remunerate Fairly and Responsibly

Recommendation 8.1 – The board should establish a remuneration committee

The Board has not established a remuneration committee. The Board considers that given its size, no efficiencies or other benefits would be gained by the establishing of such committee. The role of the remuneration committee is carried out by the full Board. The Board shall, upon the consolidated entity reaching the requisite corporate and commercial maturity, form a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

Recommendation 8.3 – A listed entity that has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme

The consolidated entity does not currently have a policy of implementing a ban on hedging economic risk of options. No directors hold options. No executives holding options have entered into contracts to hedge exposure to options awarded as part of their remuneration package.

Board

The Board has adopted a formal Board Charter that incorporates a code of conduct and outlines the roles and responsibilities of directors and senior executives. The Board Charter has been made publicly available on Cokal Limited's website (Corporate Governance Policy).

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders.

Written agreements are entered in to with each director clearly setting out their roles and responsibilities. The responsibilities of the management including the chief executive officer and chief financial officer are contained in letters of appointment and job descriptions given to each person.

The company secretaries work directly with the chair on the functioning of all board and committee procedures.

The skills, experience and expertise relevant to the position of Director held by each Director on office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.4 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements.

An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a director's independence are considered each time the Board meets.

At the date of this report:

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are not considered to be independent:

Name	Position	Reason for Non-compliance
Peter Lynch	Executive Chairman & Chief Executive Officer	Peter Lynch was employed by the Company in an executive capacity in the last three years and is a substantial (> 5%) shareholder in the Company.
Pat Hanna	Executive Director	Pat Hanna is employed by the Company in an executive capacity.
Domenic Martino	Non-Executive Director	Domenic Martino is a substantial (> 5%) shareholder in the Company.

The Company is developing an appropriate board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report. Cokal Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Cokal Limited due to their considerable industry and corporate experience.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense. Informal induction is provided for any new directors.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Peter Lynch	5 years 9 months
Pat Hanna	5 years 9 months
Domenic Martino	5 years 9 months

Diversity

The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background

Due to its size and nature of operations, the Company does not currently have a Diversity Policy, however may consider adopting a Diversity Policy in the future as it grows in size and complexity.

As at 30 June 2016, the proportion of women in the whole organisation is as follows:

	Male	Female
Board Members	100%	0%
Officers	100%	0%
Other	67%	33%

Performance Evaluation

The full Board, in carrying out the functions of the Remuneration and Nomination Committees, considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

During the Reporting Period a CEO performance evaluation took place. The evaluations were conducted by the Board on an informal basis.

No formal performance evaluation of the non-executive directors was undertaken during the year ended 30 June 2016.

Remuneration and Nomination Committees

Due to the size and scale of operations, Cokal Limited does not have separately established Remuneration or Nomination Committees. The full Board carries out the functions of Remuneration and Nomination Committees.

Audit Committee

The Board has established an Audit Committee. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee at the date of this report are:

- Domenic Martino (Chairman)
- Peter Lynch
- Pat Hanna

For additional details of directors' attendance at Audit Committee meetings and to review the qualifications of the members of the Audit Committee, please refer to the Directors' Report.

As required by Recommendation 4.2, the Board has received written assurances from the CEO and CFO that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The external auditors are required to attend the annual general meeting and are available to answer any questions from security holders relevant to the audit.

The Audit Committee Charter has been made publicly available on the Company's website.

Risk Management

Material business risks are considered informally as the Company's business evolves, since it commenced exploration in January 2011, plus formally at each Board meeting.

Although the Company has not formed a committee to oversee risk (required by Recommendation 7.1), the Company has adopted a formal framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs as the Company's activities expand. The Board as a whole is able to address these issues and is guided by the adopted risk management framework. The Board believes the current approach to risk management is appropriate given the size and scale of its operations. Further detail of the Company Risk Management Policies can be found within the Corporate Governance Policy available on the Company website (www.cokal.com.au).

As required by Recommendation 7.2, the Board reviews the Company's risk management framework during the year at Board meetings as the Company's business evolves. Business risks are considered regularly by the Board and management. With the Company planning a major new phase of activity (construction of the BBM project), the Board and management will revamp the formal risk process to include a focus on construction risks.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit Committee. As noted above, once the next significant phase of project development is commenced, the Board will reconsider the need for a separate internal audit function.

The Director's Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

Remuneration

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 key executives fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Director's and Officer's emoluments to the consolidated entity's financial, operations and share price performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the consolidated entity
- performance incentives which allow Executives to share the rewards of the success of Cokal Limited.

For details on the amount of remuneration and all monetary and non-monetary components for each of the five highest paid (Non-Director) Executives during the period, and for all Directors, please refer to the Remuneration Report within the Directors' Report. 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 Cokal Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, subject to Cokal Limited's constitution and prior shareholder approvals, and the Executive team.

The consolidated entity does not currently have a policy of implementing a ban on hedging economic risk of options. No directors hold options. No executives holding options have entered into contracts to hedge exposure to options awarded as part of their remuneration package.

Continuous Disclosure Policy

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the consolidated entity. Cokal Limited's Continuous Disclosure Policy can be found within Cokal Limited's Corporate Governance Charter on the Cokal Limited website (www.cokal.com.au) in the Corporate Governance section.

Communications

The consolidated entity has designed a disclosure system to ensure it complies with the ASX's continuous disclosure rules and that information is made available to all investors equally, promoting effective communications with shareholders and encouraging shareholder participation at general shareholder meetings.

In addition to corporate and project information generally available on the Company's website, in the Investor Relations section of the Company's website the following information is made available:

- ASX Releases
- Corporate Presentations
- Quarterly Reports
- Half-yearly and Annual Reports
- Capital Structure

Cokal Limited also offers shareholders the option to receive ASX announcements and other notices from the Company electronically

Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information until it has been released to the market and adequate time has passed for this to be reflected in the security's prices, and during certain pre-determined windows.

The Company's policy regarding dealings by directors in the Company's shares is that directors should never engage in short term trading and should not enter into transactions when they are in possession of price sensitive information not yet released by the Company to the market; or for a period of fourteen (14) days prior to the scheduled (per ASX Listing Rules) release by the Company of ASX Quarterly Operations and Cash Flow Reports or such shorter period as may be approved of by the Chairman after receipt of notice of intention to buy or sell by a director to other members of the Board.

Directors will generally be permitted to engage in trading (subject to due notification being given to the Chairperson and Secretary) for a period commencing one (1) business day after the release of ASX Quarterly Operations and Cash Flow Reports to the market and for a period commencing one (1) business day following the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at: www.cokal.com.au.