




**Heron Resources Limited**  
ABN: 30 068 263 098

**REGISTERED OFFICE**

 Level 7, 191 Clarence Street Sydney NSW 2000

 [heron@heronresources.com.au](mailto:heron@heronresources.com.au)

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29 August 2017

**HERON RESOURCES LIMITED (ASX: HRR, TSX: HER)**




**APPENDIX 4G AND 2017 CORPORATE GOVERNANCE STATEMENT**

Please find attached the Appendix 4G and 2017 Corporate Governance Statement in accordance with Listing Rules 4.7.3, 4.7.4 and 4.10.3

A handwritten signature in black ink, appearing to read 'Simon Smith'.

Simon Smith  
Company Secretary

**PERTH OFFICE:**

 L 1, 7 Havelock Street, West Perth WA 6005  
 P O Box 1380, West Perth WA 6872  
 +61 8 6500 9200

**CANADIAN CONTACT:**

 1 647 862 1157

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Heron Resources Limited

ABN / ARBN:

30 068 263 098

Financial year ended:

30 June 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: [www.heeronresources.com.au/governance/php](http://www.heeronresources.com.au/governance/php)

The Corporate Governance Statement is accurate and up to date as at 29 August 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 29 August 2017

Name of Director or Secretary authorising lodgement: Simon Smith – Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> “Corporate governance statement” is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity’s corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes “OR” at the end of the selection and you delete the other options, you can also, if you wish, delete the “OR” at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in the Board Charter at <a href="http://www.heeronresources.com.au/downloads/governance/hrr-charter-board-201410.pdf">http://www.heeronresources.com.au/downloads/governance/hrr-charter-board-201410.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at 2016 Notice of Meeting <a href="http://www.heeronresources.com.au/downloads/asx/2016/hrr2016102702.pdf">http://www.heeronresources.com.au/downloads/asx/2016/hrr2016102702.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <a href="http://www.heeronresources.com.au/governance.php">http://www.heeronresources.com.au/governance.php</a> ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at</p> <p><a href="http://www.heeronresources.com.au/governance.php">http://www.heeronresources.com.au/governance.php</a> ... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at</p> <p><b>2017 Annual Report</b>  <a href="http://www.heeronresources.com.au/reports-presentations.php">http://www.heeronresources.com.au/reports-presentations.php</a></p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at</p> <p><b>2017 Annual Report</b>  <a href="http://www.heeronresources.com.au/reports-presentations.php">http://www.heeronresources.com.au/reports-presentations.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	... our code of conduct or a summary of it: <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></li> <li><input checked="" type="checkbox"/> at <a href="http://www.heronresources.com.au/governance.php">http://www.heronresources.com.au/governance.php</a></li> </ul>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at</p> <p><a href="http://www.heeronresources.com.au/governance.php">http://www.heeronresources.com.au/governance.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <i>[insert location]</i></p> <p><b>2017 Annual Report</b></p> <p><a href="http://www.heeronresources.com.au/reports-presentations.php">http://www.heeronresources.com.au/reports-presentations.php</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.heeronresources.com.au/governance.php">http://www.heeronresources.com.au/governance.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.heeronresources.com.au/governance.php">http://www.heeronresources.com.au/governance.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <a href="http://www.heeronresources.com.au/investor.php">http://www.heeronresources.com.au/investor.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> <p>... and a copy of the charter of the committee:</p> <input checked="" type="checkbox"/> at <a href="http://www.heronresources.com.au/governance.php">http://www.heronresources.com.au/governance.php</a> <p>... and the information referred to in paragraphs (4) and (5):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and that such a review has taken place in the reporting period covered by this Appendix 4G: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <b>2017 Annual Report</b> <a href="http://www.heeronresources.com.au/reports-presentations.php">http://www.heeronresources.com.au/reports-presentations.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.heeronresources.com.au/governance.php">http://www.heeronresources.com.au/governance.php</a> and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> in the <b>Remuneration Report in the 2017 Annual Report</b></p> <p><a href="http://www.heeronresources.com.au/reports-presentations.php">http://www.heeronresources.com.au/reports-presentations.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



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# Heron Resources Limited Corporate Governance Statement 2017

This statement is current as at 29 August 2017 and has been approved by the Board of Heron Resources Limited

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# CORPORATE GOVERNANCE STATEMENT 2017

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# CORPORATE GOVERNANCE STATEMENT 2017

## 1 Introduction

The Board of Heron Resources Limited (**Board**) is committed to conducting Heron's business in accordance with the highest standards of corporate governance to create and deliver value for Heron's shareholders. The Board has established a corporate governance framework, including corporate governance policies, procedures and charters, to support this commitment. The framework is reviewed regularly and revised in response to changes in law, developments in corporate governance and changes to Heron's business. A copy of these charters, procedures and policies are available on the governance page of Heron's website, [www.heronresources.com.au](http://www.heronresources.com.au), and are signposted throughout this document where relevant.

As a listed entity, Heron must comply with Australian laws including the Corporations Act 2001 (Cth) (**Corporations Act**) and the Australian Securities Exchange Listing Rules (**ASX Listing Rules**), the Toronto Stock Exchange Listing rules (**TSX Listing Rules**), and to report against the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**). In March 2014, the ASX Corporate Governance Council released a third edition of the ASX Principles, which Heron has adopted. The Board considers that throughout 2016/17 it complied with the new ASX Principles and this Corporate Governance Statement (**Statement**) reports on the corporate governance framework and practices adopted by Heron.

## 2 The Board of Directors

Relevant policies and charters:

- Company Constitution
- Board Charter
- Audit and Governance Committee Charter
- Remuneration and Nomination Committee Charter

# CORPORATE GOVERNANCE STATEMENT 2017

## 2.1 Role of the Board

The Board Charter sets out the Board's role, powers and duties and establishes the functions reserved for the Board and those which are delegated to management. The Board is responsible for the overall corporate governance of Heron including approving and overseeing Heron's strategic direction, strategies and financial objectives, assessing the performance of management and reporting on Heron's performance. The Board delegates to the Managing Director and senior management matters involving the implementation of corporate strategy and management of Heron's day-to-day activities.

The following table sets out the matters which are expressly reserved to the Board and those which are delegated to management under the Board Charter.

<b>The Board is responsible for:</b>
<ul style="list-style-type: none"><li>• appointing and removing the Managing Director, determining his or her remuneration and terms and conditions of employment, and assessing the performance of the Managing Director and the executive management group;</li><li>• approving the policies, strategic direction, strategies, delegations of authority, budgets and financial objectives of Heron and ensuring appropriate resources are available;</li><li>• monitoring the implementation of those policies and strategies and the achievement of those financial objectives; and</li><li>• reporting to shareholders and the investment community on the performance and state of Heron.</li></ul>



<b>Responsibilities delegated by the Board to Management:</b>
<ul style="list-style-type: none"><li>• managing Heron;</li><li>• recommending policy and strategic direction for Board approval; and</li><li>• conducting the day-to-day operation of Heron within delegated limits of authority.</li></ul>

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. The Board Charter confirms that all directors have direct access to the Company Secretary. The Company Secretary is responsible for:

- advising the Board on corporate governance matters;
- managing the company secretarial function;
- attending all Board and Board committee meetings; and
- taking minutes and communicating with the ASX.

# CORPORATE GOVERNANCE STATEMENT 2017

## 2.2 Composition of the Board

As at 30 June 2017, the Board comprised four independent, non-executive directors and one executive director who acts as the Managing Director. Board composition is determined in accordance with Heron's constitution and Board Charter, which together set out the following general principles:

- the Board must comprise of a minimum three and a maximum of seven directors;
- the Board should comprise of a majority of independent directors with a range of skills, expertise and experience from a diverse range of backgrounds; and
- the Chairman of the Board should be an independent non-executive director.

The composition of the Board accords with ASX Principle 2.

In determining the composition of the Board, the Board and the Remuneration and Nomination Committee work together to ensure that the optimal size and blend of skills, expertise and experience are represented on the Board to further ensure that effective discussion and efficient decision making takes place. The Board is satisfied that the current Board is comprised of directors representing a broad range of these attributes.

Details of the skills, experiences and expertise of each director are set out on pages 32 and 33 of the 2017 Annual Financial Report (**Annual Report**).

The following table summarises the skills, attributes and experience of the non-executive directors serving on the Board at 30 June 2017:

### Board Experience, Skills and Attributes Matrix

Experience, skills and attributes	Board	Audit and Governance	Remuneration and Nomination
<i>Total non-executive directors</i>	4	3	3
<b>Experience</b>			
<b>Corporate leadership</b> Successful experience in CEO and/or other senior corporate leadership roles	5	2	2
<b>Resources industry experience</b> Relevant industry (resources, mining, exploration) experience	5	3	3
<b>Other board level experience</b> Membership of other listed entities (last 3 years)	5	2	2

# CORPORATE GOVERNANCE STATEMENT 2017

Experience, skills and attributes	Board	Audit and Governance	Remuneration and Nomination
<b>Knowledge and skills</b>			
Risk Management	5	3	3
Governance	5	3	3
Risk and compliance	5	3	3
Mergers and acquisitions	5	3	3
<b>Tertiary qualifications</b>			
Geology	3	2	2
Economics, law, commerce and / or business	3	3	3
Corporate Finance/Accounting	2	2	2
Engineering	1	-	-
<b>Gender</b>			
Female	1	1	1
Male	4	2	2

## 2.3 Independence of Directors

The Board recognises the importance of ensuring that directors are free from interests and relationships that could, or could reasonably be perceived to materially interfere with the director's ability to exercise independent judgment and act in Heron's best interests. Accordingly, the Board has adopted guidelines, set out below, which are used to determine the independence of directors and are based on the definition of independence contained within the TSX National Instrument 52-110.

In accordance with these guidelines, the Board generally considers a director to be independent if he or she is not a member of management and:

- Within the last three years has not been an employee or executive officer of the company.
- within the last three years has not been a partner, director or senior employee of a provider of material professional services (e.g. legal or audit);
- is not in a material business relationship (e.g. as a supplier or customer) of Heron, or an officer of or otherwise associated with someone with such a relationship;
- has no material contractual relationship with Heron other than as a director of Heron;
- does not have close family ties with any person who falls within any of the categories described above;
- has not served on the Board for a period that his or her independence may have

# CORPORATE GOVERNANCE STATEMENT 2017

been compromised;

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Heron.

The Board considers the materiality of a director's interests, position, association or relationship on a case by case basis.

Directors also have an ongoing responsibility to disclose any actual or potential transactions or interests that may create a conflict of interest. They may also be required to take steps to remove any conflict of interest. If a director cannot or will not remove a conflict of interest, then the director must be absent from the room when discussion and/or voting occurs on matters to which the conflict relates.

## **2.4 Access to independent advice**

Under the Board Charter, directors may seek independent professional advice at Heron's expense on any matter connected with the discharge of their responsibilities with the prior written approval of the Chairman.

## **2.5 Access to Board materials and information**

Under the Deed of Indemnity, Insurance and Access, directors have access to inspect the company's records which have been prepared during or relate to the director's tenure or discharge of duties as a director in respect of the company.

## **2.6 Director selection and succession planning**

The Board renewal process is overseen by the Remuneration and Nomination Committee and involves regularly reviewing the composition of the Board to ensure that the directors have an appropriate mix of skills, expertise, experience and backgrounds relevant to the management of Heron.

The Board Charter sets out the overarching principles regarding director selection and succession planning. The Remuneration and Nomination Committee Charter sets out the key nomination planning principles of the committee which is responsible for leading the process of Board appointments.

## **2.7 Director induction and continuing education**

All new directors are appointed through a written agreement with Heron that sets out their duties, rights and responsibilities. In addition, the Remuneration and Nomination Committee is responsible for ensuring that new directors are provided with a comprehensive induction programme (including business briefings by management and site visits).

The Board encourages directors to continue their education and maintain the skills required to discharge their duties by providing professional development opportunities. Heron meets all reasonable costs of continuing director education.

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# CORPORATE GOVERNANCE STATEMENT 2017



During the year, the directors were involved in company familiarisation activities which included visits to Heron operations at Woodlawn.

# CORPORATE GOVERNANCE STATEMENT 2017

## 2.8 Board Meetings

In 2016/17, the Board met on eleven occasions. six meetings were scheduled, four convened outside the regular schedule and one meeting dedicated primarily to strategic planning. The Chairman chaired all the meetings. The non-executive directors periodically meet independent of management to discuss relevant issues. Directors' attendance at Board and committee meetings during 2016/17 is detailed below:

### Meeting of Directors

Director	Board of Directors' meetings		Audit and Governance Committee meetings		Remuneration and Nomination Committee meetings	
	Held	Attended	Held	Attended	Held	Attended
(1) (2)						
<b>Executive</b>						
W Taylor	11	11				
I Buchhorn (3)	10	10				
<b>Non-executive</b>						
S Dennis	11	11	4	4	1	1
F Robertson	11	10	4	4	1	1
B Putnam	11	10	4	4	1	1
M Sawyer	11	10	-	-	-	-
<b>Legend:</b>	<b>Notes:</b>					
 Current Chairman	(1) "Held" indicates the number of meetings held during the period of each director's tenure. Where a director is not a member but attended meetings during the period, only the number of meetings attended, rather than held is shown.					
 Current member	(2) "Attended" indicates the number of meetings attended by each director.					
	(3) Mr. Buchhorn resigned from the Board on 2 June 2017.					

## 3 Board Committees

Relevant policies and charters:

- Audit and Governance Committee Charter
- Remuneration and Nomination Committee Charter

The Board has established two committees, the Remuneration and Nomination Committee and the Audit and Governance Committee, to assist with the effective discharge of its duties. Both committees function under a specific charter approved by the Board which details their respective roles, duties and membership requirements.

# CORPORATE GOVERNANCE STATEMENT 2017

The committees comprise only independent, non-executive directors.

The primary role of the committees is to make recommendations to the Board on matters set out in their respective charters. Their structure and membership are reviewed periodically.

## 3.1 Audit and Governance Committee

The purpose of the Audit and Governance Committee is to assist the Board to protect the interests of Heron's shareholders and stakeholders by overseeing on behalf of the Board:

- the integrity of financial reporting;
- the adequacy of the control environment and the processes for identifying and managing risk;
- the internal and external audit functions;
- treasury and taxation practices; and
- compliance with applicable legal and regulatory requirements and internal codes of conduct, as requested by the Board.

During the year, the Audit and Governance Committee conducted reviews of the effectiveness of the Group's systems of risk management and internal controls for 2016/17 and up to the date of the Annual Report in accordance with the ASX Principles. These reviews covered financial, operational, and compliance controls and risk assessment. During the year, management presented an assessment of the material business risks facing the company and the level of the effectiveness of risk management over the material business risks. The reviews were overseen by the Audit and Governance Committee, with findings and recommendations reported to the Board.

### Audit and Governance Committee membership during 2016/2017

Director	Status
Fiona Robertson (Chair)	Member throughout 2016/17
Stephen Dennis	Member throughout 2016/17
Borden Putnam	Member throughout 2016/17

All members of the Audit and Governance Committee (of which there must be at least three) are independent non-executive directors and are required to be financially literate. Between them, the members must have accounting and financial expertise, operational and technical knowledge, and a sufficient understanding of the industry in which Heron



# CORPORATE GOVERNANCE STATEMENT 2017

operates to be able to discharge the committee's mandate effectively. Fiona Robertson (Chair) is a senior financial executive who has substantial experience of working at senior levels (including CFO) of mining, upstream energy and corporate and investment banking businesses.

The Chair of the Audit and Governance Committee cannot be the Chair of the Board.

Details of directors' attendance at Audit and Governance Committee meetings in 2016/17 are set out in Section 2.8 of this report.

## 3.2 Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to assist the Board in fulfilling its responsibilities in overseeing the:

- overall remuneration strategy of Heron and its specific application to the Managing Director and direct reports;
- selection, remuneration and succession of non-executive directors;
- the appointment, performance evaluation and succession of the Managing Director and senior executives; and
- diversity strategy, policy and practices of Heron.

The Committee will also make decisions on behalf of the Board where such authority has been expressly delegated by the Board.

During the year, key areas of focus for the Remuneration and Nomination Committee included incentive outcomes and awards for the Managing Director and his direct reports, appropriate short and long term incentive metrics and a comprehensive review of the incentive structures. Further details including any key changes to remuneration are set out on page 39 of the Annual Financial Report.

### Remuneration and Nomination Committee membership during 2016/17

Director	Status
Stephen Dennis (Chair)	Member throughout 2016/17
Fiona Robertson	Member throughout 2016/17
Borden Putnam	Member throughout 2016/17

All members of the Remuneration and Nomination Committee (of which there must be at least three) are independent non-executive directors.

# CORPORATE GOVERNANCE STATEMENT 2017

Due to the size of the Board, the Chair of the Remuneration and Nomination Committee is also the Chair of the Board.

Details of directors' attendance at Remuneration and Nomination Committee meetings in 2016/17 are set out in Section 2.8 of this report.

## 4 Performance evaluation and remuneration

Relevant policies and charters:

- Board Charter
- Remuneration and Nomination Committee Charter

### 4.1 Performance evaluation

Each year, performance evaluations of the Board, its committees and individual directors are normally undertaken. During 2016/17, the Board conducted an internal review of its performance and areas of continuous improvement. The Remuneration and Nomination Committee assists the Board in relation to conducting performance evaluations and developing and implementing plans for identifying, assessing and enhancing director competencies.

Annually, the Managing Director undertakes a review of the performance of each senior executive against individual objectives and deliverables linked to a corporate plan that were agreed at the beginning of the performance period. These personal objectives relate to key areas of performance over which the individual has accountability and influence. The performance reviews of senior executives were conducted in July and August 2017 in accordance with this process.

# CORPORATE GOVERNANCE STATEMENT 2017

## 4.2 Director and Executive remuneration

The Remuneration and Nomination Committee obtains independent remuneration benchmarking information (e.g. Aon Hewitt) for comparative purposes. Salary reviews and short-term incentives are determined by assessing performance against both individual performance and profitability and sustainability performance targets. In 2016/17, the Remuneration and Nomination Committee conducted those reviews in accordance with disclosed processes.

Further details about the remuneration structure and the remuneration paid to the directors and senior executives during the reporting period are set out on pages 36 to 40 of the Annual Financial Report.

## 5 Risk management and internal controls

Relevant policies and charters:

- Board Charter
- Audit and Governance Committee
- Charter Risk Management Policy

### 5.1 Risk management

The Board recognises that good risk management is a key element to good corporate governance and has adopted a risk management framework that sets out the processes to identify and manage risk across the Group. The framework sets out a 'whole of business' approach to the management of risks which allows both opportunities and threats to be identified and managed effectively. Through this framework, Heron seeks to:

- embed a culture of risk awareness and decision making;
- identify, assess and manage risks in a structured and systematic manner;
- enable measured risk taking in line with business objectives and strategies;
- establish and monitor appropriate controls in line with business objectives and strategies;
- ensure material business risks are effectively identified, communicated and appropriately elevated throughout all levels of management to the Board; and
- fulfil governance requirements for risk management.

# CORPORATE GOVERNANCE STATEMENT 2017

The Board has overall responsibility for reviewing, approving and overseeing systems of risk management and internal control. This includes reviewing processes to identify the main risks associated with the company and reviewing processes and systems in place to manage these risks.

The Audit and Governance Committee assists the Board with regard to oversight of Heron's risk management practices by:

- developing an understanding of key risk areas and the potential consequences of major risk events;
- gaining assurance as to the adequacy of Heron's policies and processes for integrating risk management into its operations;
- reviewing and making recommendations to the Board in relation to any incident involving fraud or other break down of Heron's internal controls;
- reviewing and reporting to the Board that the Audit and Governance Committee has, at least annually, reviewed Heron's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk; and
- reviewing the insurance strategy and determining the extent to which it aligns with the risk tolerance of Heron.

In line with changes to the new ASX Principles, Heron's Risk Management Framework is reviewed annually. A review of the risk management framework took place during the reporting period. The review initiated discussion around the criteria for reporting of risk to the Audit and Governance Committee and further work was undertaken on high consequence / low likelihood risks as a result. Due to its size, the company does not currently have an internal audit function.

Further information outlining Heron's approach to the management of risks is set out on page 74 - 82 of the Annual Financial Report.

# CORPORATE GOVERNANCE STATEMENT 2017

## **5.2 Material Risks**

Examples of Heron's management of material risks and the systems Heron has in place to manage these risks is included on page 65 of the Annual Financial Report.

## **5.3 Managing Director and GM Finance certifications**

The Managing Director and General Manager - Finance have made certifications to the Board in respect of each half and full year financial period confirming to the best of their knowledge and belief:

- that Heron's financial records have been properly maintained;
- that Heron's financial statements, in all material respects, are complete and present a true and fair view of the financial condition and operational results of Heron and group and are in accordance with relevant accounting standards;
- that the above statement is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board; and
- that Heron's risk management and internal control is operating efficiently and effectively in all material respects in relation to financial reporting risks and material business risks.

# CORPORATE GOVERNANCE STATEMENT 2017

## 6 Governance Documents

Relevant governance documents:

- Code of Conduct and Ethics
- Directors' Code of Conduct
- Whistleblower Procedure
- Diversity Policy
- Continuous Disclosure and Market Communications Policy
- Securities Trading Policy

### 6.1 Ethics and conduct

Heron is committed to practising high standards of conduct and has adopted a Code of Conduct that identifies the standard of ethical conduct expected of all Heron employees and contractors. The Code of Conduct is underpinned by Heron's values of Commitment, Integrity and Responsibility, and describes Heron's objectives, values and standards of behaviour that employees and contractors must apply to all business practices. In addition, the Board has specifically adopted a Directors' Code of Conduct which establishes standards for appropriate ethical and professional behaviour for directors.

The Code of Conduct is supported by Heron's Whistleblower Procedure.

Heron has a zero tolerance for bribery or corruption in its business. The Code of Conduct and Ethics policy documents Heron's commitment to ensure all officers, employees, contractors, agents and any other party representing Heron, where ever they are in the world, will act fairly, honestly, with integrity and in compliance with the law. The Code of Conduct and Ethics policy sets out the standards and behaviour Heron expects of its officers, employees and representatives and links with the Whistleblower Procedure for the reporting of any actual or suspected breaches of the policy.

The Whistleblower Procedure documents Heron's commitment to encouraging all employees, directors, contractor and consultants to raise concerns regarding any misconduct that they believe constitutes a breach of the Code of Conduct, Heron's policies or the law. This Whistleblower Procedure sets out the mechanism by which staff can confidently, and anonymously if they wish, raise concerns in a responsible manner without fear of discriminatory treatment, recrimination or reprisal, and Heron's commitment to properly investigate any issues.

Copies of the Code of Conduct and Ethics and the Whistleblower Procedure can be found in the Governance section of Heron's website.

# CORPORATE GOVERNANCE STATEMENT 2017

## 6.2 Diversity

Heron respects and encourages workplace diversity and strives to create a flexible and inclusive workplace environment. Heron seeks to attract and retain the best people while building and maintaining a diverse, sustainable and high achieving workforce. To achieve the objective, Heron is committed to:

- promoting awareness of diversity within Heron;
- integrating workplace diversity principles into company activities;
- supporting skills development, aligned to the needs of Heron, in communities in which Heron operates;
- attracting, developing and retaining more employees across various age ranges, people with disability, women and indigenous people; and
- creating a flexible workplace culture which assists employees to balance their responsibilities.

Heron will continue to develop and implement programmes which foster workforce and Board diversity, especially as it expands its workforce to take the Woodlawn mine into development and operation and develops its existing employee base to take on greater responsibility.

The measurable objectives that applied throughout 2016/17 are set out in the table below:

Measurable Objective	Status of the objective 30 June 2017	Status of the objective 30 June 2016
40 per cent female diversity by 2018 <sup>1</sup>	36 percent <sup>1</sup>	31 percent

# CORPORATE GOVERNANCE STATEMENT 2017

The following table highlights gender diversity in Heron as at 30 June 2017:

Level	Proportion of female (per cent)	Proportion of male (per cent)
Board <sup>2</sup>	20	80
Senior Executive <sup>3</sup>	-	100
Other Levels	44	56
<b>Total</b>	<b>36</b>	<b>64</b>

1 Total employee numbers.

2 Excludes the Managing Director.

3 Senior Executive includes the Managing Director and his senior executive direct reports.

## 6.3 Continuous disclosure and communications with shareholders

Heron is committed to ensuring that shareholders and the market are kept fully and regularly informed of information and major developments concerning Heron. To achieve this, Heron has developed an External Communications Policy which establishes procedures to ensure that directors and management fulfil their obligations under the Corporations Act and the ASX and TSX Listing Rules in relation to the timely disclosure of price-sensitive information.

The Company Secretary has primary responsibility for administration of the policy. The Company Secretary's responsibilities also include monitoring compliance with Heron's disclosure obligations and managing all communications with the ASX and TSX.



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Heron communicates with shareholders through releases to the ASX, TSX, Heron's website, information distributed direct to shareholders and the general meetings of shareholders. To ensure that security holders have the opportunity to participate at meetings of members:

- at the Annual General Meeting, shareholders elect the directors and have the opportunity to express their views, ask questions about company business and vote on items of business for resolution by shareholders; and
- Ernst & Young, Heron's external auditor, attends each Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Shareholders are also able to send and receive communications to/from Heron electronically. Transcripts of results presentations and major business presentations are lodged with the ASX/TSX immediately prior to the event and placed on the website as soon as practicable after the conclusion of such events.

## **6.4 Dealing in shares**

The Board believes it is in the best interests of shareholders for directors and employees to own shares in Heron, subject to strict controls and guidelines on share trading.

Heron has in place a Securities Trading Policy which applies to Heron's directors and employees (and their "connected persons"). The policy prohibits directors and employees from trading in Heron's securities if they are in possession of price-sensitive

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information which is not generally available to the market. It also prohibits dealings by directors and certain employees during defined “closed periods” except where clearance has been granted for exceptional circumstances or the dealing falls within an excluded category under the policy.

Closed periods under the policy include:

- the end of the financial year;
- the end of a half financial year, and
- the end of the quarter

to the time when two business days have elapsed after the release of the annual, half yearly or quarterly results respectively. Outside of these closed periods and prior to any proposed trade, directors and certain employees must seek approval prior to trading in Heron’s securities.

Directors and employees are also restricted from engaging in short-term trading of Heron’s securities and from hedging their securities unless those securities have fully vested and are no longer subject to restrictions. Key management personnel must not at any time enter into a transaction that involves using Heron’s securities as collateral in any financial transaction, including margin lending arrangements.