



Corporate Governance Statement

Introduction

The board of directors is responsible for the corporate governance of Lawson Gold Limited (the **Company**). The Company operates in accordance with the corporate governance principles as set out by the ASX corporate governance council and required under ASX listing rules.

The Company details below the corporate government practices in place, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated.

Principle 1: Lay solid foundations for management and oversight

Board Responsibilities

The Board is accountable to the Shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board.

The key responsibilities of the Board include:

- Approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Company;
- If a managing director is appointed reviewing annually the performance of the managing director against the objectives and performance indicators established by the Board.
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems.
- Overseeing the implementation and management of effective safety and environmental performance systems.
- Ensuring all major business risks are identified and effectively managed.
- Ensuring that the Company meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The Board has not publicly disclosed a statement of matters reserved for the Board, or the Board charter and therefore the Company has not complied with recommendation 1.3 of the Corporate Governance Council. Given the size of the Company, the Board does not consider the formation of a Board charter necessary.

Principle 2: Structure the Board to add value

Size and composition of the Board

Following issue and allotment of the shares under the Company's Prospectus, the Board will consist of two non-executive directors and one executive Director:



- Mr David Hillier Non-Executive Chairman
- Mr David Turvey Executive Director
- Mr Peter Watson Non-Executive Director

The Board considers that the composition of the Board is appropriate given the size and development of the Company.

Directors are expected to bring independent views and judgment to the Board's deliberations.

Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other directors.

Mr Hillier is considered an independent director as he has no other material relationship or association with the Company other than his directorship. A company controlled by Mr Turvey has a consultancy agreement with the Company, and Mr Watson is the senior partner of the law firm Watsons Lawyers which provides legal services to the Company and therefore they are not considered independent.

Nomination, retirement and appointment of Director's

The Board has not established a nomination committee and therefore the Company has not complied with recommendation 2.4 of the Corporate Governance Council. Given the size of the Company the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters. The composition/membership of the Board is subject to review in a number of ways, including:

- the Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.
- Board composition is also reviewed periodically either when a vacancy arises or if it is considered that the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board which should match the strategic demands of the Company. Once it has been agreed that a new director is to be appointed, a search would be undertaken, sometimes using the services of external consultants. Nominations are subsequently received and reviewed by the Board.

Evaluation of Board performance

The Board continually reviews its performance and identifies ways to improve performance. The Chairman is responsible for reviewing the Board performance on an annual basis.



Board Committee's

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

The Board has established an audit committee. No other committees have been established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

The Board has not publicly disclosed the process for evaluating the performance of the Board, its committees and individual directors. Therefore, the Company has not complied with recommendation 2.5 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider disclosure of the performance evaluation necessary at this stage.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Board recognises the need for directors and employees as well as consultants and contractors while engaged in work for the Company to observe the highest standards of behaviour and business ethics. The Company intends to maintain a reputation for integrity. The Company's officers and employees and its contractors and consultants while engaged in work for the Company are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board and all Employees (defined to include contractors and consultants while engaged in work for the Company). The code of conduct can be viewed on the Company's website. The Board takes ultimate responsibility for these matters.

Securities Trading Policy

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees and contractors and consultants to the Company while engaged in work for the Company. The Share Trading Policy can be viewed on the Company's website.

Principle 4: Safeguard integrity in financial reporting

The Company aims to structure management to independently verify and safeguard the integrity of their financial reporting. The structure established by the Company includes:

- Review and consideration of the financial statements by the audit committee;
- A process to ensure the independence and competence of the Company's external auditors.

Audit Committee

The audit, risk and compliance committee comprises of Mr Watson (chair of the committee) and Mr Hillier both, Non-Executive Directors and Mr Stephens the Company Secretary.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;

- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

The committee has not been structured to contain three non-executive directors who are independent directors and therefore the Company has not complied with recommendation 4.2 of the Corporate Governance Council. Given the relative skills and experience of the audit committee, the Board believes the structure and process to be adequate. The Board continues to monitor the composition of the committee and the roles and responsibilities of the members.

Principle 5: Make timely and balanced disclosure

The Company has a policy that all shareholders and investors have equal access to the Company's information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporation's Act and ASX Listing Rules. The company secretary has primary responsibility for all communications with the ASX and is accountable to the Board through the chair for all governance matters.

The Company has not publicly disclosed a formal disclosure policy and therefore has not complied with recommendation 5.1 of the Corporate Governance Council. Given the size of the Company, the Board does not consider public disclosure to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 6: Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.



The Company has not designed or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 of the Corporate Governance Council. Given the size of the Company, the Board does not consider disclosure of a communications policy to be appropriate. The Board take ultimate responsibility for these matters.

Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Board. The Board has also established an audit committee which addresses the risk of the Company.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed at Board meetings. Budgets are prepared and compared against actual results.

The Company has not publicly disclosed a policy for the oversight and management of material business risks and therefore has not complied with recommendation 7.1 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider the disclosure of a risk management policy to be appropriate at this stage.

Principle 8: Remunerate fairly and responsibly

The Chairman and the Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is \$250,000. This amount cannot be increased without the approval of the Company's shareholders.

The Board has not established a remuneration committee and therefore the Company has not complied with recommendation 8.1 and 8.3 respectively of the Corporate Governance Council. Given the size of the Company, the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters.