

2019 Corporate Governance Statement

The Board of Argo Exploration Limited (the “**Company**”) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which Argo Exploration Limited has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website <http://argoexploration.com.au/>, including the 2019 Annual Report.

This Statement is current as at 30 September 2019 and has been approved by the Board of Directors of Argo Exploration Limited.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The role of the Board is to provide overall strategic guidance and effective oversight of management.

The Board has a formal Corporate Governance Charter which is available on our website at <http://argoexploration.com.au/corporate-governance/>.

The charter sets out the specific responsibilities of the Board, requirements as to the Board’s composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors’ access to Company records and information, details of the Board’s relationship with management, details of the Board’s performance review and details of the Board’s disclosure policy.

The Board is supported by management and delegates authority to management for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Company.

Recommendation 1.2: Appointment of Directors

The Company has guidelines for the appointment and selection of the Board which require the Board to undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director.

We provide our shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.

Recommendation 1.3: Appointment Terms

Each director and senior executive is party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the June 2019 Annual Report.

Recommendation 1.4: Company Secretary

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Company. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our June 2019 Annual Report.

Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected.

The Diversity Policy is available on the Company's website at <http://argoexploration.com.au/corporate-governance/>

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2019 was as follows:

- Women on the Board – 0%
- Women in senior executive positions – 25%
- Women across the entire organisation – 25%

Due to the current size and composition of the organisation the Board does not consider it appropriate to provide measurable objectives in relation to gender. The Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.

Recommendation 1.6: Board Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a questionnaire/survey by each director, facilitated by the Company Secretary;

- the preparation and provision of a report to each director with feedback on the performance of the Board based on the survey results; and
- The Board meeting to discuss any areas and actions for improvement.

A Board performance evaluation was not undertaken during the period to 30 June 2019. However, the Company intends to conduct a Board Performance Review in FY2020.

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the Board and their Key Performance Indicators (**KPI's**) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the Board. The performance of each Senior Executive against these objectives is evaluated annually.

The Board does not currently have any Senior Executives. Therefore, there was no performance evaluation undertaken during the reporting period by the Company in accordance with the process.

PRINCIPLE 2 – BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

The Board is responsible for the duties that would ordinarily be carried out by a Nomination Committee, including reviewing processes for succession planning and ensuring the Board has the appropriate balance of skills, experience, independence and knowledge to discharge its duties and responsibilities effectively.

Due to the size and composition of the Company at the current time, a separate Nomination Committee has not been established. The Board will consider the need for a separate Committee at the appropriate time.

Recommendation 2.2: Board Skills Matrix

Given the size of the Board, a formal board skills matrix has not been adopted. However, the current Board of Directors bring an expansive range of relevant industry experience and other skills and experience in order to meet the Company's objectives.

The Corporate Governance Charter requires the disclosure of each Board member's qualifications and expertise.

Full details of each Directors' relevant skills and experience are set out in the June 2019 Directors' Report.

Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director's terms of appointment, the Corporations Act 2001, and the Corporate Governance Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will

have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Company does not currently have any independent directors on the Board as all non-executive directors have a substantial shareholding in the Company.

The Board’s assessment of each current Director is set out below.

Name	Position	Appointment date	Status
Justin Hondris	Non-Executive Director	26 July 2006	Non-Independent
Christopher Martin	Non-Executive Director	26 February 2013	Non-Independent
Andrew Van Der Zwan	Non-Executive Director	19 March 2013	Non-Independent

Recommendation 2.4: Majority Independence

The Company does not currently have a majority of independent directors on the Board.

The Board recognises that it is desirable for the majority of the Board to be Independent Directors, the Company’s current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the Company’s size and growth warrant this.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors’ Report of our June 2019 Annual Report.

Recommendation 2.5: Board Chair

There is currently no Chair of the Board due to the size of the Company and its composition.

A Chair is appointed at the commencement of each Board meeting. The roles of the Chair and Chief Executive Officer are anticipated to be exercised by different individual’s if/when a Chair and Chief Executive Officer are appointed.

Recommendation 2.6: Induction, Education and Training

In accordance with the Company’s Corporate Governance Charter, the Board and the Company Secretary is responsible for establishing and reviewing induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Code of Conduct

The Board expects all directors, employees and contractors to act with the utmost integrity and objectivity, and in compliance with the letter and the spirit of the law and Company policies striving at all times to enhance the reputation and performance of the Company, in the following areas;

- Business ethics;

- Compliance with laws;
- Personal and professional conduct;
- Respect for others and improper behaviour;
- Dealings with suppliers, customers, advisers and regulators;
- Dealing with the community; and
- Dealing with other employees.

The Company and its directors have always promoted ethical and responsible decision-making and the Company's Corporate Ethics Policy may be viewed on the Company's website <http://argoexploration.com.au/corporate-governance/>.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. 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 Company has established an Audit Committee which consists of three members who are non-executive directors. The members are :

- Justin Hondris (Non-Executive Chairman)
- Andrew Van Der Zwan (Non-Executive Director)
- Chris Martin (Non-Executive Director)

Due to the current size and composition of the Company, the Board currently fulfil the role of the Audit Committee.

The Board recognises that it is desirable to have a majority independent committee. The Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the Company's size and growth warrant this.

The Audit Committee Charter is located in the Corporate Governance Charter which is available on our website at <http://argoexploration.com.au/corporate-governance/>.

Recommendation 4.2: Assurances

A Non-Executive Director (**NED**) and Company Secretary (**CS**) provide an annual declaration to the Audit Committee and Board prior to the Board's approval of the Company's full year financial results. This process was followed for the June 2019 full year financial results, where the NED and CS provided a declaration to the Board that, in their opinion, the financial records 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 Company, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the June 2019 full year financial results were approved by the Board.

Recommendation 4.3: External Auditor

Our external auditor, Grant Thornton (GT). GT attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

GT's independence declaration is contained in the Directors' Report in our 2019 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy (contained within the Corporate Governance Charter), which is available on our website at <http://argoexploration.com.au/corporate-governance/>.

The Board has overarching responsibility for compliance with continuous disclosure obligations.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on our website at <http://argoexploration.com.au/corporate-governance/>.

The Company also maintains a separate "Investor Centre" page on our website to provide shareholders with links to annual reports, ASX announcements, latest news and other key information.

Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Recommendation 6.3: Shareholder Meeting Participation

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other

stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

One of the Company's key communication tools is its website located at www.argoexploration.com.au. The Company endeavours to keep its website up to date.

Recommendation 6.4: Electronic Communication with Shareholders

Security holders can register with the Company's Share Registry to receive and send communications electronically. Links are made available on the Company's website on which all information provided to the ASX is immediately posted.

Shareholders queries should be referred to the Company Secretary at first instance.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

Due to the size of the Company and its Board, the Board currently fulfil the roles and responsibilities in relation to risk.

The Company has established a Risk Committee as part of the Audit Committee which consists of three members who are Non-Executive Directors. The members are:

- Justin Hondris (Non-Executive Chairman)
- Andrew Van Der Zwan (Non-Executive Director)
- Chris Martin (Non-Executive Director)

The Board recognises that it is desirable to have a majority independent committee. The Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the Company's size and growth warrant this.

Recommendation 7.2: Review of Risk Management Framework

The Company's risk management framework is supported by the Board of directors and the management team. The Board is responsible for approving and review the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company regularly undertake reviews of its risk management framework to establish an effective and efficient system for:

- (i) identifying, assessing, monitoring and managing risk; and
- (ii) disclosing any material change to the Company's risk profile

An assessment of the Company's risk management framework is undertaken and reviewed by the Board, covering all aspects of the business including strategic level risks.

Recommendation 7.3: Internal Audit

The Company did not have an internal audit function for FY2019. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.

The Audit Committee will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations and the Board will periodically undertake an internal review of financial systems and processes. Where systems are considered to require improvement, these systems are developed.

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company has no material exposure to economic, environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY

Recommendation 8.1: Remuneration Committee

A Remuneration Committee has not been established by the Board due to the current size and composition of the Company. The Board is responsible for the duties that would ordinarily be carried out by a Remuneration Committee, including determining Non-Executive Directors' fees in the limit approved by shareholders, remuneration levels of Directors and senior executives.

Recommendation 8.2: Remuneration Policies and Practices

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report.

Separate disclosure regarding the remuneration of the Company's directors is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.

Recommendation 8.3: Equity Based Remuneration Scheme

The Company does not have an equity-based remuneration scheme in place.