

**CORPORATE  
GOVERNANCE  
STATEMENT  
2019**

**The Board of Clean TeQ Holdings Limited (the Company or Clean TeQ) is responsible for the Company's overall corporate governance framework. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.**

This Corporate Governance Statement (**Statement**) is current as at 22 August 2019 and has been approved by the Clean TeQ Board.

This Statement:

- outlines Clean TeQ's corporate governance framework;
- is intended as a reference document for all stakeholders including potential investors;
- is structured to align with the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**);
- includes cross-references to the Company's charters, policies and codes, details of which are available in the Governance section of the Company's website ([www.cleanteq.com](http://www.cleanteq.com)); and
- should be read in conjunction with the Directors' Report and Remuneration Report (contained in the Annual Report) as those reports also contain information required to be included by the ASX Principles.

A complementary table referencing directly to ASX Principles is annexed to this Statement.

## BOARD AND MANAGEMENT

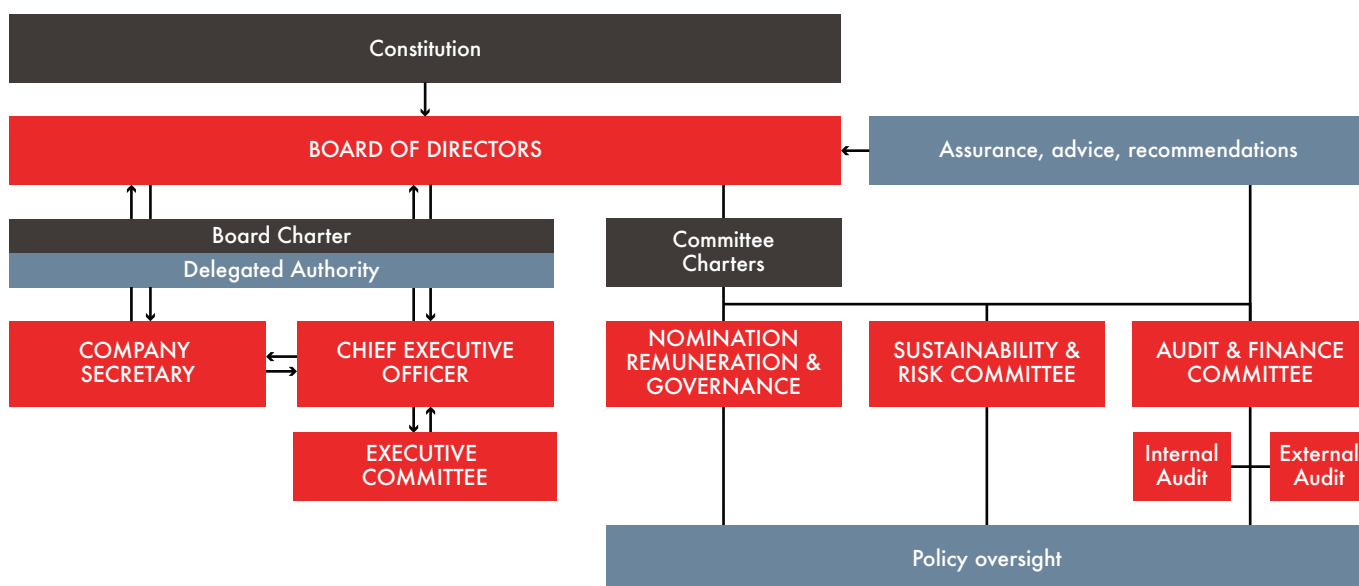
### THE ROLE OF THE BOARD AND MANAGEMENT

The Board represents and serves the interests of shareholders, while taking into account the interests of other stakeholders including employees, suppliers and the wider community. The Board is accountable to shareholders for the strategic direction, control and risk profile of the Company in order to enhance shareholder value. Implementation of the Board approved strategy is delegated to management through a formal delegation of authority to the CEO. The CEO is supported by members of the senior executive team.

The Board Charter sets out the role of the Board and how it exercises its powers and responsibilities. Certain authorities are delegated to the Board's Committees. The Charter also defines the relationship and interaction between the Board and management, including the matters reserved to the Board.

The Board and Committee Charters are available on the Company's website ([www.cleanteq.com](http://www.cleanteq.com)) under the tab Corporate > Governance.

The high-level structure chart outlined below provides an overview of the Company's current corporate governance structure.



### CO-CHAIRS, LEAD INDEPENDENT DIRECTOR AND CEO

The Directors have elected Robert Friedland and Jiang Zhaobai as Co-Chairs of Clean TeQ and the role of CEO is occupied by Sam Riggall.

As the Co-Chairs are not considered to be independent, the Board created the role of Lead Independent Non-Executive Director. Stefanie Loader is the Lead Independent Non-Executive Director, who too acts as the Chair of the Board:

- when the Co-Chairs are unable to act as a result of their lack of independence; or
- if the Co-Chairs are otherwise unavailable.

Appointing Stefanie Loader as Lead Independent Non-Executive Director seeks to ensure that the views of Independent Directors are effectively raised and considered by the Board. The Lead Independent Non-Executive Director provides leadership and support to the other Independent Directors in relation to matters that uniquely concern them as Independent Directors. The Lead Independent Non-Executive Director also, together with the Co-Chairs, ensures that conflicts of interest on the Board (whether actual or potential) are identified and managed appropriately.

In addition, the Board has adopted a document which clearly outlines the roles and responsibilities of the Co-Chairs, Lead Independent Non-Executive Director and each Committee Chair. The Committee Chairs are all considered independent directors. The Board is therefore firmly of the view that it has sufficient procedures in place to safeguard independence and ensure that the best interests of shareholders are paramount.

## BOARD AND MANAGEMENT Continued

The Company values a Board with a diverse mix of skills and experience. Co-Chair, Jiang Zhaobai, is not a fluent English speaker, and the Company has taken a number of steps to ensure that Mr Jiang understands and can contribute to the business of the Board and can discharge his duties effectively. Specifically, papers are distributed well in advance of Board meetings to allow time for review and comment. Further, Mr Jiang attends Board meetings with his bilingual Executive Assistant who assists with translation and communication. To the extent that Mr Jiang, or any Director, is unable to attend meetings, the Co-Chair or the Lead Independent Non-Executive Director ensure that their views are represented to the Board.

Details regarding each Co-Chair, Lead Independent Non-Executive Director and CEO including their experience and qualifications, are set out in the Directors' Report in our 2019 Annual Report and on the Company's website ([www.cleanteq.com](http://www.cleanteq.com)) under the tab Corporate > Board and Management.

### COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Co-Chairs and Lead Independent Non-Executive Director, on all matters to do with proper functioning of the Board and Board Committees. All Directors have access to the services and advice of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2019 Annual Report and on the Company's website ([www.cleanteq.com](http://www.cleanteq.com)) under the tab Corporate > Board and Management.

### BOARD SKILLS AND COMPOSITION

The Board recognises that having a diverse range of skills, backgrounds and experience among its directors is important for robust decision-making and effective governance.

It is the Board's view that the current Directors, including the CEO have a mix of skills to provide the necessary breadth, depth of knowledge and experience to meet the Board's responsibilities and objectives. This mix is subject to review on a regular basis and the most recent review of skills and experience was completed in April 2019.

The key skills and experience represented by the Clean TeQ Board is set out in the matrix below.

Skill/Experience	Number of Directors classed 'proficient' or 'good'*
Strategy and leadership	8 Directors
Policy development	8 Directors
Corporate governance	8 Directors
Financial analysis and capital markets expertise	7 Directors
Risk and compliance oversight	8 Directors
People management	8 Directors
Commercial experience	7 Directors
Legal and regulatory approval	8 Directors
Health, safety, social and environmental responsibility	8 Directors
Stakeholder communications and engagement	8 Directors
Project management	8 Directors
Operational leadership	6 Directors
Global experience	6 Directors
Exploration and development of mineral resources	6 Directors
Process Metallurgy Experience	5 Directors
Critical and innovative thinking	8 Directors
Negotiation and influence	7 Directors
Enabling innovation and technology	8 Directors

\* This figure shows the number of current Directors who possess the relevant skill or experience (out of a total of 9 Directors as at the date of this statement).

## BOARD AND MANAGEMENT Continued

To the extent that any skills are not directly represented on the Board, they are augmented through the senior executive team and external advisors.

Full details of each Director's relevant skills and experience, are set out in the Director's Report in our 2019 Annual Report and on the Company's website ([www.cleanteq.com](http://www.cleanteq.com)) under the tab Corporate > Board and Management.

### DIRECTOR APPOINTMENT AND ELECTION

The Nomination, Remuneration and Governance Committee oversees Board succession planning and facilitates the selection and appointment of directors. Before the Board appoints or recommends to shareholders a candidate for election, the Committee will ensure that appropriate background checks on their suitability to serve as a director are undertaken. If appropriate, we engage external consultants to assist us in the search for new directors.

A Director appointed to the Board must stand for election at the next Annual General Meeting (**AGM**). Directors must stand for re-election at the third AGM following their election. Potential candidates for the Board as well as Directors standing for re-election are all assessed considering a number of factors, including but not limited to:

- skills, experience, expertise, personal qualities and attributes that will best complement the skill set and characteristics of existing directors and enhance board effectiveness;
- diversity of board composition;
- the capacity to devote the necessary time and commitment to the role; and
- potential conflicts of interest and independence.

The Board's reasoning on why the Director or external candidate should be supported will be set out in the Notice of AGM.

### INDUCTION AND DEVELOPMENT

All Directors receive a letter of appointment that sets out their duties, the Company's expectations and the terms and conditions of their appointment. Directors also receive a deed of indemnity, insurance and access.

New Directors are provided with an induction program that commences pre-appointment and concludes six months after appointment. The program includes activities to familiarise a new board member with:

- Board roles and responsibilities
- Company vision, values, strategy, culture and objectives
- Company organisation, status, structure and financials
- Corporate governance framework and detail
- Board colleagues
- Board operations and processes
- Board committees
- Key management personnel
- Company projects and locations
- Investors
- Industry and product markets

The program also provides the opportunity for a new director to identify specific areas for training or exposure to parts of the business that are new or unfamiliar.

All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. 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. Structured Director development is incorporated into long-form meetings, for example the annual two-day strategy session with senior executives of the Company.

New Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board.

## BOARD AND MANAGEMENT Continued

### BOARD PERFORMANCE EVALUATION

The Board is committed to formally evaluating its own performance, the performance of its Committees and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process. The review process is conducted by the Nomination, Remuneration and Governance Committee and involves:

- completion of a questionnaire/survey by each Director, and nominated senior executives who have regular interaction with the Board, 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.

The most recent internal Board assessment took place in April 2019. An analysis of the data collected indicated that the Board is functioning effectively against the majority of its criteria.

It was also noted that there were some opportunities identified to improve Board effectiveness.

In the case of the CEO, a performance review is collated by the Committee Chair and the results are reported to the Board. The most recent review was completed in August 2019.

### SENIOR EXECUTIVE PERFORMANCE EVALUATION

Senior executives are appointed by the CEO and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives. These KPI's are reviewed annually by the CEO. The performance of each senior executive against these objectives is evaluated semi-annually by the Nomination, Remuneration and Governance Committee and on an ongoing basis by the CEO.

### DIRECTOR INDEPENDENCE

The Board is comprised of four out of nine directors who are considered independent. As such, as at the date of this report, the Board comprises a majority of non-independent Directors.

The Board regularly reviews the independence of its Directors and formally assesses Director independence annually.

Directors are considered to be independent where they are independent of management and free of any business or any other relationship that could, or reasonably be perceived to, materially interfere with their capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

## BOARD AND MANAGEMENT Continued

The Board's assessment of the independence of each current Director is set out below.

Name	Position	Appointment Date	Status	Reason for Non-Independence
Robert Friedland	Co-Chair	8 September 2016	Non-Independent	Substantial Shareholder
Jiang Zhaobai	Co-Chair	21 April 2017	Non-Independent	Substantial Shareholder
Sam Riggall	CEO	4 June 2013	Non-Independent	Executive Officer
Eric Finlayson	Non-Exec Director	16 September 2015	Non-Independent	Related Party of Substantial Shareholder
Shawn Wang	Non-Exec Director	6 March 2019	Non-Independent	Related Party of Substantial Shareholder
Michael Spreadborough	Non-Exec Director	8 December 2016	Independent	Not applicable
Stefanie Loader	Non-Exec Director	1 July 2017 (Lead Independent Director from 1 February 2019)	Independent	Not applicable
Ian Knight	Non-Exec Director	8 July 2013	Independent	Not applicable
Judith Downes	Non-Exec Director	1 October 2018	Independent	Not applicable

Robert Friedland and Pengxin International Group Limited's representation on the Board (through Jiang Zhaobai) is considered by the Board to be fair and reasonable given their substantial shareholdings in the Company. Eric Finlayson and Shawn Wang are deemed to be non-independent by virtue of being a related party of Robert Friedland and Pengxin International Group Limited respectively. Whilst noting the conflict, the Company also recognises the benefits associated with having the interests of significant shareholders and their associates aligned with Board decision-making.

Sam Riggall is deemed to be non-independent given his position as CEO of the Company.

Acknowledging the current majority non-independence of the Board, the Board has carefully considered and documented the roles and responsibilities of the Co-Chairs, Lead Independent Non-Executive Director and nominated independent Committee Chairs to ensure strong governance.

Directors are not involved in decisions where they have, or could be perceived to have, a conflict of interest or a material personal interest. Any Director who considers that there may be a conflict of interest or a material personal interest in any matter concerning the Company must declare it immediately.

The Company Secretary also monitors all information coming to the Board and its Committees. Potential conflicts are flagged with the relevant Director, Committee Chairs, Lead Independent Non-Executive Director and the Co-Chairs.

As such Clean TeQ consider that the current Board structure allows it to act at all times in the best interests of the Company and all its shareholders.

## BOARD COMMITTEES

There are three Board Committees to assist the Board in exercising its responsibilities and to provide it with recommendations and advice:

- Nomination, Remuneration and Governance Committee
- Audit and Finance Committee
- Sustainability and Risk Committee

Each Board Committee has a Charter that defines its roles and responsibilities.

Board Committees report to and make recommendations to the Board.

An overview of the members, composition and responsibility of each Committee is set out below.

<b>Nomination, Remuneration and Governance Committee</b>	<b>Audit and Finance Committee</b>	<b>Sustainability and Risk Committee</b>
<b>Members</b>		
Stefanie Loader (Chair)	Ian Knight (Chair)	Michael Spreadborough (Chair)
Ian Knight	Stefanie Loader	Stefanie Loader
Eric Finlayson	Judith Downes	Shawn Wang
<b>Composition</b>		
- All non-executive Directors	- All non-executive Directors	- All non-executive Directors
- Independent Chair and not Board Chair	- Independent Chair and not Board Chair	- Independent Chair and not Board Chair
- Majority independent	- All independent	- Majority independent
- Minimum three directors	- Minimum three directors	- Minimum three directors
	- All members have appropriate business experience and are financially literate	
<b>Responsibilities include</b>		
- Identifying and recommending nominees for membership of the Board including the Managing Director or CEO	- Assessing the appropriateness of the Company's accounting policies and principles and any changes to them.	- Regularly reviewing with management the Company's record of performance on community relationships, health, safety, security and environmental matters
- Developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members	- Overseeing risk management as it relates to financial matters	- Overseeing risk management as it relates to non-financial matters
- Evaluating the performance of the Board, its Committees and individual Directors	- Monitoring the performance and independence of the external auditor and lead audit partner	- Overseeing the establishment and implementation of risk management and internal compliance and control systems
- Reviewing and recommending to the Board any changes in remuneration for the Managing Director or CEO and its non-executive Directors	- Reviewing significant financial reporting issues and assessing the appropriateness of accounting policies	- Monitoring the effectiveness of the internal risk control systems and processes
- Determining the independence of Directors and monitoring the ongoing status of each Director	- Reviewing any quarterly, half-yearly and annual financial reports with management, advisers and the internal and external auditors (as appropriate)	- Monitoring changes in applicable regulations and legislation and reviewing compliance with all applicable regulations and disclosures



## RISK MANAGEMENT

### RISK MANAGEMENT FRAMEWORK AND POLICY

Clean TeQ's risk management framework is supported by the Board and senior executive team. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for ensuring that appropriate processes and controls are in place to effectively and efficiently manage risk. Management monitors the effectiveness of risk management systems and controls, including financial and non-financial risks and compliance with these systems. Senior executives regularly report to the Board, directly and through the Board's Committees, on the adequacy of its risk management systems, processes and key matters for consideration.

The Company's risk management framework including risk profile and risk registers are reviewed on a periodic basis. The most recent review was undertaken in February 2019.

### MATERIAL BUSINESS RISKS

The Committees are responsible for assisting the Board with managing material exposure to financial, economic, health and safety, environmental and social sustainability risks. A summary of Clean TeQ's material business risks are disclosed in the Company's 2019 Annual Report.

### EXTERNAL AUDITOR

The Company's external auditor attends every AGM as required by the Corporations Act, and shareholders are provided a reasonable opportunity at the meeting to ask the auditor questions relevant to the audit, their report and independence, and the accounting policies adopted by the Company.

Our external auditor's independence declaration is contained in the Directors' Report in Clean TeQ's 2019 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit and Finance Committee.

### INTERNAL AUDIT

The internal audit function provides independent and objective assurance on the adequacy and effectiveness of Clean TeQ's systems for risk management, internal controls and governance, along with recommendations to improve the efficiency and effectiveness of these systems and processes.

The Audit and Finance and Sustainability and Risk Committees oversee internal audits of financial and non-financial risk areas respectively.

During this reporting period, Clean TeQ has employed the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Audit and Finance Committee monitored the need for an internal audit function having regard to the size, location and complexity of the Company's operations;
- senior executives facilitated the periodic review of financial and non-financial systems and processes and presented to the relevant Committee the objectives and scope, proposed outcomes and any recommendations arising from the review; and
- the Board reviewed risk management and internal compliance procedures at each Board meeting and any risk matters raised for consideration by senior executives.

### ASSURANCES BY MANAGEMENT

Prior to approval of the Company's annual financial statements, the Board obtains a declaration from the Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards. This declaration also confirms that the aforementioned statements give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

## COMMUNICATION WITH STAKEHOLDERS

### SHAREHOLDER ENGAGEMENT

Clean TeQ recognises that effective communication with investors assists the creation and maintenance of an informed market in its securities and enhances corporate governance by encouraging a culture of transparency in relation to its corporate activities.

Clean TeQ keeps investors and the market fully informed of information that may have a material effect on the price or value of its securities by timely disclosure of information through the Australian Securities Exchange, Toronto Stock Exchange and OTC Markets Exchange (**Relevant Exchanges**).

Shareholders and other stakeholders are informed of all material matters affecting the Company through market announcements, presentations and a range of other forums and publications as outlined in the Shareholder Communications Policy available on Clean TeQ's website. Shareholders have the option of electing to receive communications from the Company and its share registry electronically.

The Company's website ([www.cleanteq.com](http://www.cleanteq.com)) also contains a range of information that may be useful to shareholders.

Clean TeQ's shareholder engagement activities include:

- issuing regular shareholder communications such as the Company's Annual Report and notice of meeting;
- maintaining the corporate governance and investor sections on our website; and
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings.

Clean TeQ has an investor relations program designed to facilitate effective communication with analysts, investors, proxy advisors and the media.

Shareholder queries should be directed to the Company Secretary.

### CONTINUOUS DISCLOSURE

Clean TeQ has established processes to enable the Company to provide shareholders and the market generally with timely, direct and equal access to relevant information.

The Company's Continuous Disclosure Policy aims to achieve compliance with continuous disclosure regulatory requirements across the Company.

The Board of Clean TeQ 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 Share Trading Policy (as applicable).

The Company's Continuous Disclosure Policy and Share Trading Policy are available on the Company's website ([www.cleanteq.com](http://www.cleanteq.com)) under the tab Corporate > Governance.

### BROADER STAKEHOLDER ENGAGEMENT

Clean TeQ is committed to engaging with its stakeholders in a transparent and constructive fashion. Clean TeQ recognises that effective, consistent and coordinated communication promotes and helps build its social licence to operate, while mitigating potential risks.

Building sustainable relationships with stakeholders, characterised by mutual respect and shared long-term goals, is important to Clean TeQ. The Company has set clear objectives for engaging with its stakeholders and provides the necessary resources to meet performance objectives. Recognition of and respect for the diversity of communities underpins Clean TeQ's approach, which seeks to accommodate different cultures, heritages and individual preferences where possible.

Stakeholder engagement encompasses the entirety of those communities in which Clean TeQ operates, and in which its employees live and work. It also extends to relevant levels of Government, including local, state and federal members and government departments. Clean TeQ does not make donations to political parties.

The Company has formal structures in place to govern stakeholder engagement, including mechanisms such as a Community Consultative Committee (**CCC**) for the Clean TeQ Sunrise Project. Minutes of CCC meetings can be found on Clean TeQ's website. A monthly report is submitted to the Board, which outlines stakeholder engagement activities, including commitments, sponsorships, and donations.

## ACTING ETHICALLY AND RESPONSIBLY

Clean TeQ's Core Values, together with its Code of Conduct, define the standards of behaviour expected of all our people.

### CORE VALUES

#### **Invested:**

We are invested in achieving positive outcomes for all our stakeholders. We are committed to creating and sustaining value from Clean TeQ's core technologies.

#### **Connected:**

We actively interact to leverage our combined capabilities and create mutually beneficial outcomes.

#### **Prepared to be Different:**

We have the courage to pursue excellence and are prepared to do things differently to add value, while managing the risks in our business.

### CODE OF CONDUCT

The Code of Conduct applies to all Directors, employees, contractors and consultants of Clean TeQ and sets out amongst other things a benchmark for professional behaviour including setting out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and conflicts of interest.

The Code of Conduct is available on the Company's website ([www.cleanteq.com](http://www.cleanteq.com)) under the tab Corporate > Governance.

### OTHER MATTERS

The Board of Clean TeQ is responsible for determining and reviewing remuneration policies for its Directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's 2019 Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentives and long term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

In addition, the Company's Employee Incentive Plan prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

## DIVERSITY

The workforce of Clean TeQ comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has implemented a Diversity Policy which can be viewed on our website ([www.cleanteq.com](http://www.cleanteq.com)) under the tab Corporate > Governance. The Company's policy has meritocracy as a guiding principle and seeks to align the Company's management systems with its commitment to continue to develop a culture that values and achieves diversity in its workforce and on its Board.

The Board and management considers that building a diverse and inclusive workforce will provide the best insight into the needs of our customers, suppliers and stakeholders. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams. Particular focus is on achieving a balance of men and women in senior executive positions across the Company and having a range of industry experience. Senior executives is defined as those executives that report directly to Clean TeQ's CEO.

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 - 22.22%
- Women in senior executive positions - 25.00%
- Women across the entire organisation - 32.73%

The Board has set the following measurable diversity objectives to ensure we leverage the diverse contributions of our people:

Objective	Description	Status as at 30 June 2019
Gender Diversity	To increase female workforce participation in Role Levels 3-5 in order to create and ensure a foundation on which to develop talent and succession opportunity throughout the organisation. The Board has set a target of 30% female workforce participation between Levels 3 to 5 by end of FY2020.	The Gender Diversity measure was achieved in FY2019 with female workforce participation increasing from 29.70% to 34.04% during the period.
Indigenous Engagement	To develop a sustainable Reconciliation Action Plan by FY2020 that is both outcomes and activity focused. The Board is committed to ensuring there is a structured and practical approach to indigenous engagement and flexibility for both direct employment and business opportunities.	This measure remains in progress. The Company is committed to expanding Clean TeQ's positive impact throughout its communities including the Indigenous community through the development of a targeted Reconciliation Action Plan.

These two objectives form the basis of the Company's diversity and inclusion strategy and progress against these objectives are reported to the Board.

Clean TeQ schedules annual reviews of all its employees. These reviews not only examine remuneration and benefits against the relevant market rates but also calibrates internal 'like for like' roles, ensuring any pay gap that exists between employees with comparable skills and experience, regardless of gender, is addressed and corrected in an appropriate manner.

The Company expects to be a relevant employer under the Workplace Gender Equality Act 2012 during the WGEA's 2019-20 reporting period and will commence reporting progress on diversity objectives.