

Corporate Governance Statement

This Corporate Governance Statement is current as at 30 September 2015 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2015, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted various corporate governance policies and procedures which provide the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees, aside from the established Risk and Audit Committee, and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. The Company's various corporate governance policies and procedures are available on the Company's website at www.stratummetals.com.au.

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board 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. A copy of the Company's Board Charter is available on the Company's website.
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (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 relevant to a decision on whether or not to elect or re-elect a Director. 	YES	<ul style="list-style-type: none"> (a) The Company has guidelines for the appointment and selection of the Board in its Director Selection Procedure. The Director Selection Procedure requires the Board ensure appropriate checks (including checks in respect of character and experience) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director. (b) 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 the Notice of Meeting containing the resolution to elect or re-elect a Director.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Director Selection Procedure requires the Board to ensure that once the Board decides to appoint a new director, that director would be expected to sign the terms and conditions for appointment of non-executive directors and a directors consent to act. The Company has had written agreements with each of its Directors and senior executives for the past financial year.

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<p>Recommendation 1.4</p> <p>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.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>																
<p>Recommendation 1.5</p> <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 or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p style="padding-left: 40px;">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 style="padding-left: 40px;">if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p>	NO	<p>(a) The Company has not adopted a Diversity Policy. Whilst the Group does not currently have a Diversity policy due to its size and nature of its operations, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.</p> <p>(b) N/A</p> <p>(c)</p> <p>(i) The Board did not set measurable gender diversity objectives for the past financial year, because:</p> <p>(A) the Board did not anticipate there would be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and</p> <p>(B) if it became necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit: and</p> <p>(ii) As at 30 June 2015, the proportion of women in the whole organisation is as follows:</p> <table border="1" data-bbox="895 1563 1422 1854"> <thead> <tr> <th></th> <th>Number</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Board Members</td> <td>3</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Officers</td> <td>1</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Other</td> <td>0</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>		Number	Male	Female	Board Members	3	100%	0%	Officers	1	100%	0%	Other	0	N/A	N/A
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<p>Recommendation 1.6</p> <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>	NOT FULLY	<p>(a) The Company's Chairperson and Board are responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Board Performance Evaluation Policy, which is available on the Company's website.</p> <p>(b) The Company's Board Performance Evaluation Policy does not require the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. Whilst the Company has a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life, the assessment of the directors' overall performance and its own succession plan is conducted on an informal basis. The Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.</p>
<p>Recommendation 1.7</p> <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>	NO	<p>(a) The Company does not have and disclose a process for periodically evaluating the performance of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non executive Director.</p> <p>(b) Whilst the Company does not have a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life, the assessment of the executives' overall performance is conducted on an informal basis. The Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.</p>
Principle 2: Structure the Board to add value		
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p>	YES	<p>(a) The Company's Remuneration and Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company did not have a Nomination Committee for the past financial year as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Remuneration and Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <p>(i) developing and regularly reviewing a policy on Board structure.</p> <p>(ii) developing criteria for Board membership.</p> <p>(iii) identifying and screening specific candidates for nomination.</p> <p>(iv) ensuring there is an appropriate induction and orientation program in place.</p>

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<p>the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<ul style="list-style-type: none"> (v) making recommendations to the Board for committee membership. (vi) ensuring there is an appropriate Board succession plan in place. (vii) ensuring the performance of the Board and its members is regularly reviewed. (viii) developing with Directors an appropriate training and development program. (ix) overseeing management's succession planning including the Managing Director and his/her direct reports. (x) assisting the Chairman in advising Directors about their performance and possible retirement. (xi) reviewing the policy in respect of tenure, remuneration and retirement of Directors.
<p>Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	NO	<p>The Company does not have a board skills matrix, however full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report and on the Company's website.</p> <p>The Board believes that the current skill mix is appropriate given the Company's size and the stage of the entity's life.</p>
<p>Recommendation 2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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 (c) the length of service of each Director 	YES	<ul style="list-style-type: none"> (a) The Company has disclosed those Directors it considered to be independent in its Annual Report. The Board considers the following Directors are independent: <ul style="list-style-type: none"> (i) John Shepherd (ii) Andrew Pierce; and (iii) Daniel Moore (b) The Company has disclosed in its Annual Report any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent. (c) The length of service of each independent Director, is as follows: <ul style="list-style-type: none"> (i) John Shepherd since 29 November 2013 (ii) Andrew Pierce since 17 March 2014 (iii) Daniel Moore since 11 December 2014
<p>Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.</p>	YES	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>There was an independent majority of the Board during all of of the past financial year.</p> <p>The Board currently comprises a total of three (3) directors, of whom two (2) are considered to be independent. As such, independent directors currently comprise the majority of the Board.</p>
<p>Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the</p>	YES	<p>The Chair of the Company during the past financial year was an independent Director and was not the CEO/Managing Director.</p>

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same person as the CEO of the entity.		
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	In accordance with the Company's Remuneration and Nomination Committee Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Code of Conduct for Directors and Key Executives applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Code of Conduct for Directors and Key Executives is available on the Company's website.</p>
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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</p>	YES	<p>(a) The Company had an Audit and Risk Committee for the past financial year. The Company's Audit and Risk Committee Charter provides for the creation of an Audit Committee (if it is considered it will benefit the Company), with at least two members, the majority of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>The members of the Audit and Risk Committee, their relevant qualification and experience, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Board considers that the given size of the Board along with the level of activity of the Company, an audit committee comprised of 2 independent directors is sufficient.</p>

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<p>the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		
<p>Recommendation 4.2</p> <p>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 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.</p>	YES	<p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.</p>
<p>Recommendation 4.3</p> <p>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.</p>	YES	<p>The Company's external auditor attended the Company's last AGM during the past financial year.</p>
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Company's Disclosure Strategy details the Company's continuous disclosure policy.</p> <p>(b) The Disclosure Strategy is available on the Company's website.</p>
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>Information about the Company and its governance is available on the Company's website.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and</p>	YES	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a</p>

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implement an investor relations program to facilitate effective two-way communication with investors.		range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's various corporate governance policies and procedures.
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
<p>Recommendation 6.4</p> <p>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>	YES	<p>The Shareholder Communication Strategy provides that ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and email addresses of the Company all directors (via the website) for shareholders to make their enquiries.</p> <p>Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	YES	<p>(b) The Company had an Audit and Risk Committee for the past financial year. The Company's Audit and Risk Committee Charter provides for the creation of an Risk Committee (if it is considered it will benefit the Company), with at least two members, the majority of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>The members of the Audit and Risk Committee, their relevant qualification and experience, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Board considers that the given size of the Board along with the level of activity of the Company, an audit committee comprised of 2 independent directors is sufficient</p>

<p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	NO	<p>(a) The Company's Risk Management Strategy requires that the Board should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Company's Board has not completed a review of the Company's risk management framework in the past financial year, and plans such a review in the near future..</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	YES	<p>(a) The Audit Committee Charter provides for the Audit Committee to monitor the need for an internal audit function. The Company had an internal audit function for the past financial year. The function was structured as follows</p> <p>(i) The Audit Committee is authorised by the Board to investigate any activity within its charter. The Audit Committee has access to management and auditors with or without management present and has rights to seek explanations and additional information. The Audit Committee is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit Committee.</p> <p>(ii) The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.</p> <p>(iii) The Audit Committee is required to make recommendations to the Board on all matters within the Audit Committee's charter.</p> <p>(iv) The Audit Committee is required to review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:</p> <p>(A) any changes in accounting policies and practices;</p> <p>(B) major judgmental areas;</p> <p>(C) significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;</p> <p>(D) compliance with accounting policies and standards; and</p> <p>(E) compliance with legal requirements.</p> <p>(v) The Audit Committee will review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence.</p> <p>(vi) The Audit Committee will oversee management's appointment of the company's public accountant.</p> <p>(vii) The Audit Committee will monitor and review the propriety of any related party transactions.</p>

<p>Recommendation 7.4</p> <p>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.</p>	NO	<p>Company does not currently disclose whether it has any material exposure to economic, environmental and social sustainability risks as the Company does not believe that it is currently exposed to any material risks</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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>	YES	<p>(a) The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company did not have a Remuneration Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration and Nomination Committee Charter.</p> <p>The Board currently set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> <p>The Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives;</p>
<p>Recommendation 8.2</p> <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 and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>The Company's Remuneration and Nomination Committee Charter does not require the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, however these details are disclosed on the company website at:</p> <p>http://www.stratummetals.com.au/corporate/corporate-governance/</p>

<p>Recommendation 8.3</p> <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>NOT APPLICABLE</p>	<p>(a) The Company did not have an equity based remuneration scheme during the past financial year..</p>
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