

Corporate Governance

Invictus Energy Limited (Invictus) is committed to high standards of corporate governance. The Board assesses its governance framework and practice believing good corporate governance is closely related to performance and serves in the best interests of shareholders and stakeholders.

Invictus's corporate governance statement has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations'). The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

A description of the Company's main corporate governance practices and its 'if not, why not' report on compliance with the guidelines is set out below. Where the Company's practices depart from a recommendation, the Board has disclosed the departure along with reasons for adoption of its own practices.

| | ASX Principles and Recommendations ⁽¹⁾ | If not, why not ⁽²⁾ |
|--------------------|---|--------------------------------|
| Recommendation 1.1 | ✓ | |
| Recommendation 1.2 | ✓ | |
| Recommendation 1.3 | ✓ | |
| Recommendation 1.4 | ✓ | |
| Recommendation 1.5 | | ✓ |
| Recommendation 1.6 | ✓ | |
| Recommendation 1.7 | ✓ | |
| Recommendation 2.1 | | ✓ |
| Recommendation 2.2 | ✓ | |
| Recommendation 2.3 | ✓ | |
| Recommendation 2.4 | ✓ | |
| Recommendation 2.5 | | ✓ |
| Recommendation 2.6 | ✓ | |
| Recommendation 3.1 | ✓ | |
| Recommendation 4.1 | ✓ | |
| Recommendation 4.2 | ✓ | |
| Recommendation 4.3 | ✓ | |
| Recommendation 5.1 | ✓ | |
| Recommendation 6.1 | ✓ | |
| Recommendation 6.2 | ✓ | |

| | | |
|--------------------|---|---|
| Recommendation 6.3 | ✓ | |
| Recommendation 6.4 | ✓ | |
| Recommendation 7.1 | | ✓ |
| Recommendation 7.2 | ✓ | |
| Recommendation 7.3 | ✓ | |
| Recommendation 7.4 | | ✓ |
| Recommendation 8.1 | | ✓ |
| Recommendation 8.2 | ✓ | |
| Recommendation 8.3 | ✓ | |

- 1) Indicates where the Company has followed the Principles and Recommendations.
- 2) Indicates where the company has provided an “if not, why not” disclosure.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Invictus has a Corporate Governance Statement on its website www.invictusenergy.com containing the key Invictus corporate governance documents which establish the roles and functions reserved for the Board, the roles and functions delegated to the Chief Executive Officer and/or Executives, and the relationship between the Board and the Chief Executive Officer and/or Executives.

The Board's primary responsibility is to safeguard and enhance the interests of shareholders and stakeholders by overseeing the Company's business activities and undertaking the effective functions of strategy formulation, policy design, and supervision.

The Chief Executive Officer is responsible and charged with running the affairs of the Company and executing the strategy set by the Board.

The Remuneration Committee annually assesses and evaluates the performance of the Board and the Chief Executive Officer. Performance measures are established by the Board and outcomes of the review are reported to the Board.

Each Director has access to the Company Secretary for advice and support in effectively discharging their roles. Additionally, each Board member may seek external professional advice at the expense of the Company in respect of their roles with the approval of the Chairman. At present Mr Chiappini acts as both Non Executive Director and Company Secretary, the board considers that he is able to discharge both roles effectively

Mr Scott Macmillan was appointed Managing Director in June 2018 and as such during the current year the Company has not done an evaluation of his performance. A performance evaluation will be conducted during the next 12 months.

It is intended that an informal evaluation of the performance of the Board and its Directors is undertaken each year. The Chairman of the Board is the leader and driver of this process. The evaluation of the performance of the Board's various committees is undertaken on an 'exception' basis. The Chair of the Board is also the leader of the evaluation. The process for evaluating the performance of the Board, its committees and directors, has yet not been documented.

Invictus is committed to creating a diverse workplace, which reflects the breadth of talent available in the communities it operates in. The Company believes a range of employees encompassing diversity of gender, age, ethnicity, and cultural background enables greater innovation by drawing on diverse backgrounds, experience, and skills. Improving the level of diversity, female participation, and female promotion in Invictus remains an objective of the Board. The company's ability to roll out its diversity policy is limited by the size of the current full time work force (2018:1 FTE, 2017: Nil FTE).

The 30 June 2018 Invictus workforce composition was one full time employee, Managing Director Mr John de Vries.

Invictus operates in a traditionally male dominated industry of mining exploration and related services and is therefore predictably under represented by women in its workforce. At the date of writing this report, the Company has only one full time employee, Mr Scott Macmillan, Managing Director. When the opportunity arises, enhancing the participation of women in the workplace will become a focus of the Invictus Board.

**PRINCIPLE 2:
STRUCTURE THE BOARD TO ADD VALUE**

The Invictus Board comprises Four Directors:

| | | |
|---------------------------|------------------------|-----------------|
| Scott Macmillan | Managing Director | Non-Independent |
| Barnaby Egerton Warburton | Non-Executive Director | Independent |
| Eric de Mori | Non-Executive Director | Independent |
| Gabriel Chiappini | Non-Executive Director | Independent |

The Company is not in compliance with Recommendation 2.1, due to the size of the company, Invictus does not have a separate Nomination Committee, when required the role of the Nomination Committee was carried out by the full Board.

The composition of the Board reflects the size of the Company and the unique and significant industry experience the Directors bring to the Board. These factors currently constrain the practicality in Invictus having a majority of independent Directors on its Board.

Mr Gabriel Chiappini was appointed a Non-Executive Director on 21 March 2012. Mr Chiappini fulfils the Governance Council's independence criteria (Recommendation 2.5). Mr Stephen Copulos is not considered to be independent due to his current share ownership in Invictus of 25% and as such Invictus does not fulfil the requirement to have an independent chairman. Mr John de Vries is not considered to be an independent director due to his employment with the company as Chief Executive Officer. Mr Richard Crookes appointed as Non-Executive Chairman In October 2017 is considered to be an independent director.

Each new member of the Board participates in an induction program which encompasses: the duties, roles, and responsibilities of each Director; the operations of the Board and its Committees; and outlines the Company's culture and values as well as the strategic, financial, operational, and risk issues within the Company.

A biography profiling each Directors' skill, experience, and expertise is set out in the Directors' Report along with their respective term of office.

**PRINCIPLE 3:
ACT ETHICALLY AND RESPONSIBLY**

The Invictus has adopted a Code of Conduct, which prescribes guidelines and policies aimed at maintaining high ethical standards and good corporate behaviour in the workplace. The **Code of Conduct** may be found in the Corporate Governance section of the Company's website.

Invictus encourages the reporting of instances which may involve a breach (or suspected breach) of the Code of Conduct.

**PRINCIPLE 4:
SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

The Board has established an Audit and Risk Management Committee to facilitate the verification and the safeguarding of the integrity of the Company's financial reporting, internal control structure, risk management procedures, and the internal and external audit function.

The Company complies with Recommendation 4.1, as the composition of the Board does not lend to the practicality of a majority of independent Directors managing the Audit and Risk Management Committee. The full board are members of the Audit and Risk Management Committee. The Committee is chaired by Mr Gabriel Chiappini who is an independent director. The Committee's charter is published on the Company's website.

The committee meets at least twice per annum and meetings are co-ordinated to coincide with the release of the Company's

interim and full year financial reports and audits. The Committee has access to external auditors and a high degree of financial literacy is prevalent amongst the committee members. The details, qualifications, and experience of each committee member and the attendance of committee members at Audit and Risk Management Committee meetings are contained in the Directors' Report.

The Chief Executive Officer and the Chief Financial Officer equivalent have provided the Board with a declaration in accordance with Section 295A of the *Corporations Act 2001*, assuring the Board that a sound system of risk management and internal control is operating effectively in aspects related to financial reporting risks.

The Audit and Risk Management Committee Charter is available on the Company's website in the 'Investors' section.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURES

The Company has established written policies to ensure compliance with the continuous disclosure regime of the Corporations Law and the Listing Rules of the Australian Securities Exchange Limited.

The Board has ultimate authority and responsibility for disclosures made to the market. This responsibility is delegated to the Chief Executive Officer and Company Secretary. Board approval is a prerequisite of significant matters requiring disclosure. The Company Secretary is charged with the establishment, communication, and maintenance of this policy as well as ensuring that material information is disclosed to the ASX.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Invictus's Shareholder Communication's Policy has been designed to facilitate the means of effective communications with shareholders. The policy is available in the 'Investors' section of the Company's website.

Invictus's overarching communication strategy promotes effective communication with shareholders and other stakeholders in an open, regular, and timely manner. The policy encourages shareholder attendance and participation at member meetings as it represents an opportunity to meet, question, and discuss issues with the Board and Executives. The Board and external auditors all attend the Company's Annual General Meeting and are available for shareholders queries.

The Invictus website is a central source of information for shareholders. The **Company's Shareholder Communications Policy** is available on the Company's website in the 'Investors' section and the Company encourages security holders to contact and communicate with the company and security register electronically.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Invictus is committed to the identification, monitoring, and management of risks associated with its business activities as a key part of its good business practices and governance activities.

The Company has implemented a number of controls in its risk management and reporting systems and regularly assesses and improves its risk management systems to best practice bench marks.

The Board is responsible for approving the Company's policies and risk oversight as well as satisfying itself that management continues to implement, develop, and improve its risk regime in accordance with the strategic risk policies. The daily operational management of risk is delegated to management throughout all levels of the organisation under the direction of the Chief Executive Officer. The Board monitors and receives reports on areas of operational and financial risk, and thereafter considers strategies for appropriate risk management arrangements.

The Company does not have a separate Risk committee. The Audit Committee monitors the integrity of financial reporting and the internal risk control regime.

The Company does not comply with Recommendation 7.1, as the composition of the Board does not lend to the practicality of a majority of a separate Risk Committee.

The key risks of the Company were outlined and identified as part of the Invictus Energy acquisition and disclosed in the General Meeting notice issued in May 2018.

The Chief Executive Officer and the Chief Financial Officer equivalent have provided the Board with a declaration in accordance with Section 295A of the *Corporations Act 2001*, assuring the Board that a sound system of risk management and internal control is operating effectively in aspects related to financial reporting risks.

The Company does not have an internal audit function, however manages part of this process via, internal controls and risk management overseen by the Chief Executive Officer and the Chief Financial Officer equivalent. Information on the Company's charter of the Audit and Risk Committee is available on the Company's website in the 'Investors' section.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Following on from prior year, a Remuneration Committee has not been established as the company has only one full time executives/employees, The full board will take on the duties and responsibilities for managing remuneration. **The remuneration charter** that the board follows is available on the website.

The company's policy and framework for remuneration of Executives and Non Executive Directors are disclosed in the Remuneration Report that can be found in the Annual Report.