

CORPORATE GOVERNANCE STATEMENT

Horseshoe Metals Limited's (**HOR or Company**) Board of Directors (**Board**) is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Corporate Governance Principles and Recommendations (4th Edition) as published by the ASX Corporate Governance Council (**ASX Corporate Governance Principles**).

This Corporate Governance Statement has been approved by the HOR Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 July 2020 and to the date of this Statement. In addition to the information contained in this Statement, the Company's website at www.horseshoemetals.com.au contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where HOR considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (4th Edition).

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

Recommendation		Comply Yes/No/ Partly
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes Yes
1.2	A listed entity should: (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 in its possession relevant to a decision on whether or not to re-elect a director.	Yes Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes
1.4	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.	Yes

Recommendation		Comply Yes/No/ Partly
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> (1) 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); and (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under that Act. 	<p>Yes</p> <p>Yes</p> <p>No</p> <p>Yes</p> <p>Not applicable</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Yes</p> <p>No</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Yes</p> <p>Not applicable</p>
2.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of that committee; and (4) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	<p>Not applicable</p> <p>Yes</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes
2.3	<p>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 Recommendations, but the board is of the opinion 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. 	<p>Yes</p> <p>Yes</p>

	Recommendation	Comply Yes/No/ Partly
6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Yes
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Not applicable</p> <p>Yes</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework 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>	<p>No</p> <p>No</p>
7.3	<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 evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Not applicable</p> <p>Yes</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.	Yes
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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>	<p>Not applicable</p> <p>Yes</p>
8.2	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.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should:	

Recommendation		Comply Yes/No/ Partly
	(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	Yes
	(b) disclose that policy or a summary of it.	Yes

Board Responsibilities

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the Consolidated Entity. Without limiting the generality of that stated role, the key matters reserved specifically for the Board include:

- Appointment of the Managing Director (or equivalent) and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring budget and adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with applicable legislation and ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as an when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and.
- Meeting with the external auditor, at their request, without management being present.

For a complete list of the functions reserved to the Board and a copy of the Board's Charter, please refer to the Corporate Governance section of the Company's website.

Due to the size of the Board and the stage of the Company's operations, the Board has opted not to establish an Audit, Risk, Remuneration or Nomination Committee. These duties and responsibilities are discharged by the full Board, in accordance with the Audit and Risk Committee and Remuneration and Nomination Committee Charters that have been adopted by the Board.

Refer to the Corporate Governance section of the Company's website for a copy of the Committee charters.

Responsibilities of Senior Executives

The responsibility for the day to day operation and administration of the Company, in accordance with the direction of the Board, is delegated by the Board to the Managing Director (or equivalent) and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Managing Director (or equivalent) and the executive team. In delegating this power, the Board must also be satisfied that the Managing Director (or equivalent) and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to the Managing Director (or equivalent) and other senior executives include:

- Developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- Ensuring appropriate funding arrangements are in place for Company activities;
- Operating the Company's businesses and operations within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses and operations;
- Where proposed transactions, commitment or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- Identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses and operations, formulating strategies for managing these risks for consideration by the Board;
- Managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis;
- Implementing the Company's internal controls; establishing procedures for monitoring these controls, and ensuring that these controls and procedures are appropriate and effective;
- Taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- Implementing all policies, procedures and codes approved by the Board.

Performance evaluation of Board and Senior Executives

The Board has adopted a policy for evaluating the performance of the Board and Directors, a copy of which is available on its website. Due to the size and scale of the Group's operations at present, no evaluation of Board performance was undertaken during the reporting period.

The Board has a policy for an annual evaluation of the Managing Director (or equivalent) and other senior executives, a copy of which is available on its website. However, no senior executives were employed by the Group during the reporting period.

For further information regarding the Company's Performance Evaluation Policy please refer to the Corporate Governance section of the Company's website.

Structure of the Board and Skills Matrix

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination, selection, induction and ongoing professional development of Directors. These guidelines include a requirement to undertake appropriate background checks prior to the appointment of a person as a director, including but not limited to undertaking police and solvency checks, a formal induction program to enable new Directors to build their knowledge and make an effective contribution in a timely manner, and the provision of appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

The Directors in office and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
A Still	Independent Non-Executive Director	23 June 2014
C Hall	Independent Non-Executive Director	30 April 2019
K Stoney	Independent Non-Executive Director	16 February 2021

The skills, experience and expertise relevant to the position of Director held by each Director at the date of this Statement are included on page 1 of the Company's 2021 Annual Report.

The composition of the Board is reviewed regularly by the Board to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's operations. The Board has agreed a formal skills matrix identifying the mix of areas the Board should collectively hold across its membership, which includes experience in areas such as: operational management, exploration, geology, finance/accounting, law and capital markets. The Board believes that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's current operations.

The appointment of Non-Executive Directors is formalised in accordance with the requirements of the *Corporations Act 2001* and the Company's constitution.

Non-Executive Directors and senior executives have entered into Letters of Appointment with the Company. The Letter of Appointment summarises the Board policies and terms of appointment, including compensation relevant to the office of Director.

The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. In addition, Directors are entitled, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Independence

Recommendation 2.4 requires a majority of the Board to be independent Directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. In accordance with this guidance, all of the current directors are considered to be independent directors.

Nomination and Remuneration Committee

As noted above, neither a Nomination nor Remuneration Committee has been established and during the financial year, the full Board undertook the responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines. For further details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Nomination and Remuneration Committee Charter, please refer to the Corporate Governance section of the Company's website.

For further details on the remuneration policy of the Company, including a description of the structure of Non-executive Directors' remuneration and Executive Directors' and senior executives' remuneration, see the Remuneration Report starting on page 23 of the 2021 Annual Report.

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

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-executive Directors do not receive options with performance hurdles attached. However, in the Company's current circumstances, the Directors may consider options to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue options to Non-executive Directors, including with performance hurdles, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Non-executive Directors. For additional details please refer to the Corporate Governance section of the Company's website.

Audit and Risk Committee

The Board has not established an Audit and Risk Committee but has adopted an Audit and Risk Committee Charter. As noted above, during the financial year, the full Board undertook the 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 such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

The Company does not have any material exposure to economic, environmental or social sustainability risks.

Communication with Shareholders

Pursuant to Principle 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. To promote effective communication with shareholders, the Company has designed a Shareholder Communication policy. Information is communicated to the shareholders through:

- The Annual Report which is made available to all shareholders;
- Announcements made through the ASX companies announcements platform;
- The Company's website which has a dedicated Investor Relations section for the purpose of publishing all Important Company information and relevant announcements made to the market; and
- The annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company (including the Company's share registry, which facilitates electronic correspondence) or attending the annual general meeting. The external auditors also attend, and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

For further information regarding the Company's Shareholder Communication Policy please refer to the Corporate Governance section of the Company's website.

Diversity Policy

The Company is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 1.5, the Company has established a Diversity Policy a copy of which is available on the Company's website. However due to the small size of the organization and its current stage of operations, the introduction of specific measurable objectives at this stage has not been implemented.

Whilst the Board of the Company strongly endorses the concept of gender diversity, until the Company's human resource base has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

The Company currently has no employees. In accordance with Recommendation 1.5(c)(1), the table below shows the proportion of women in the whole organisation, women in senior executive positions and women on the Board. The Company defines "senior executive" as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Board: 33%

Senior Executive: 0% Employees: 0%

Share Trading

The Constitution of the Company permits Directors and officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a Securities Trading Policy concerning trading in the Company's securities by Directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with the Company, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A Director wishing to deal in the Company's securities may only do so after first having received approval from the Chairman. All staff wishing to deal must obtain approval from the Managing Director (or equivalent).

Trading in the Company's securities is also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time.

The Company prohibits Directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

A copy of the Company's Securities Trading Policy is available in the Corporate Governance section of the Company's website.

Integrity of Financial Reporting and Risk Management Policies

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations Act*, the Managing Director (or equivalent) and the person who performs the Chief Financial Officer function are each required to provide a written statement to the Board that the Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Managing Director (or equivalent) and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Executive Director and the Chief Financial Officer for the half year, annual financial reports and quarterly reports from 1 July 2018 to the date of this report.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes will be undertaken and any recommendation for improvement reported to the Board as part of the Company's risk management processes.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the full Board and the processes and procedures mentioned above.

The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of material business risks that may threaten the Group as a whole or specific business activities within the Company and includes risk mitigation strategies. When the Company's operations increase, the Company intends to establish specific frameworks for operational and organisational risk.

Due to the limited operations of the Group during the reporting period, the Board did not conduct a formal review of the Group's risk management framework but considered risk on an ongoing basis. The Board felt that given the nature and scale of the Company that process was the most appropriate and most robust means of monitoring and managing risk for the Company.

The Board has formed the view that the Company does not currently have any material exposure to economic, environmental or social sustainability risks, other than the risk of obtaining the necessary government and other approvals required for permitting of any proposed project development, that require demonstration by the Company of environmental/social acceptability of the project. The Company will manage these risks by developing its environmental, community and social development programs and communicating with both community and government regarding its development plans and risk management strategies. Also, the Company is subject to the ongoing risks associated with funding its exploration, mining development and other activities.

For a summary of the Company's Risk Management Policy, please refer to the Corporate Policies section of the Company's website.

Code of Conduct and Continuous Disclosure Policy

The Company has a Code of Conduct and Continuous Disclosure Policy, which can be found in the Corporate Governance section of the Company's website.