

Frontier Diamonds Limited
ACN 616 232 556
(Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 11 October 2018 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company will, as at the date it is admitted to the official list of the ASX, follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (3rd edition) (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides 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 significant benefit from certain Board committees and that the collective experience and skill set of the current Board is sufficient to perform these roles. The Board does have a Nominations Committee, Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at www.frontierdiamonds.com.

RECOMMENDATIONS	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
Recommendation 1.1 A listed entity should disclose: (a) The respective roles and responsibilities of its management; and (b) of those matters expressly reserved to the board and	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

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those delegated to management.		<p>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.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company has guidelines for the appointment and selection of members of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter as detailed in the Company's Corporate Governance Plan requires the Nomination Committee or, in its absence, the Board to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Nomination Committee Charter requires the Nomination Committee or, in its absence, the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has written agreements with each of its Directors</p>

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		and senior executives.
<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 of 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>(A) 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>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality</p>	YES	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c) The measurable gender diversity objectives for each financial year (if any), and the Company's progress in achieving them, will be detailed in the Company's Annual Report. The Board does not anticipate there will be a need to appoint any new Directors or senior executives due to, in the Board's view, the existing Directors and senior executives having sufficient skill and experience to carry out the Company's current plans; and</p> <p>(d) if it becomes necessary to appoint any new Directors or senior executives, the Board will consider 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 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</p>

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<p>Indicators", as defined in the Workplace Gender Equality Act.</p>		<p>based on skills and merit; and</p> <p>(e) 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) for each financial year will be disclosed in the Company's Annual Report.</p>
<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>	<p>YES</p>	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is 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 Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company listed in January 2018 and not having completed a full financial year as a listed entity, the Company has not conducted a performance review in line with the Companies Performance Evaluation Policy of the Board, its committees and individual Directors.</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>	<p>YES</p>	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration 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>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan,</p>

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		<p>which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company listed in January 2018 and not having completed a full financial year as a listed entity, the Company has not conducted a performance review in line with the Companies Performance Evaluation Policy of its senior executives.</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> <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, and disclose: <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 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, experience,</p>	NO	<p>(a) The Company's Nomination Committee consists of two directors, one of which is independent and one an executive director. The Independent director is the chair of the committee.</p> <p>The Company's Nomination Committee Charter is disclosed in the Company's Corporate Governance Plan which is available on the Company's website www.frontierdiamonds.com</p> <p>The current members of the Nomination Committee are:</p> <p>Mr Johan van Reenan – Independent Chair</p> <p>Mr Jan Louw – Managing Director</p> <p>The Company will disclose in its Annual Report the number of times the committee met throughout the period and the individual attendance of the members at those meetings;</p> <p>(b) N/A</p>

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<p>independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		
<p>Recommendation 2.2</p> <p>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>	<p>YES</p>	<p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Company has 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. A copy will be available on the Company's website.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience will be available in the Company's Annual Report.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors; if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations.</p> <p>Refer to Annexure A of the Corporate Governance Plan, 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</p> <p>(b) the length of service of each director</p>	<p>YES</p>	<p>(a) Mr Johan van Reenen is an independent director.</p> <p>The Company will disclose 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.</p> <p>(b) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.</p>

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<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	NO	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>The Board currently comprises a total of four directors, of whom one is considered to be independent and one is a non-executive. As such, independent directors are not currently a majority of the Board.</p> <p>The Chairman is an independent director. The Chairman has a casting vote in the case of an equality of votes, unless only two directors have formed a quorum.</p> <p>The Board does not currently consider an independent majority of the Board to be necessary given its current scale of activities.</p> <p>On listing the Board took the following steps to structure the Board to add value despite not having an independent majority of Directors:</p> <p>(a) Appointed two Independent Directors.</p> <p>(b) As the Company grows the board will look forward to appointing additional independent directors.</p> <p>As announced to the ASX on 4 & 6 June 2018, independent director Michael Addison retired and Chris Ritchie joined the Board as an Interim Non-Executive Director until the Company appoints a further Director. The Company expects to appoint a further independent director in October 2018.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chair of the Company is an independent Director and is not the CEO/Managing Director.</p>

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<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	<p>In accordance with the Company's Board 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. The Company Secretary is responsible for facilitating inductions and professional development.</p>
<p>Principle 3: Act ethically and responsibly</p>		
<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 Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p>
<p>Principle 4: Safeguard integrity in financial reporting</p>		
<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>	NO	<p>Due to the retirement of Michael Addison, during the year the Company does not currently have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>The Board has not re-established an Audit and Risk Committee at this point. The Board currently assumes the responsibilities of the Committee under the Audit and Risk Committee Charter. The Board will revisit the re-establishment of the Audit and Risk Committee when a new non-executive director to replace Chris Ritchie is appointed.</p>

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<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>if it does not have an audit committee, disclose that fact and 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 to provide a sign off on these terms.</p> <p>The Company intends to obtain a sign off on these terms for each of its financial statements in each 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 Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
<p>Principle 5: Make timely and balanced disclosure</p>		
<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 ASX Listing Rules; and</p>	YES	<p>(a) The Company's Corporate Governance Plan contains a Continuous Disclosure Policy which sets out the processes the Company follows to comply with its continuous disclosure obligations under the ASX Listing Rules and other</p>

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(b) disclose that policy or a summary of it.		<p>relevant legislation.</p> <p>(b) The Corporate Governance Plan, which incorporates the Continuous Disclosure Policy, is available on the Company 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	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. This strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
<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 dispatch 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 security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. 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>

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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, and disclose: (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>	NO	<p>(a) Due to the retirement of Michael Addison, during the year the Company does not currently have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>The Board has not re-established an Audit and Risk Committee at this point. The Board currently assumes the responsibilities of the Committee under the Audit and Risk Committee Charter. The Board will revisit the re-establishment of the Audit and Risk Committee when a new non-executive director to replace Chris Ritchie is appointed.</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 Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, 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 Risk Management Policy contained in the Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the company's risk management framework has taken place.</p>

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(c) We need some reference to the risk factors in the AR, the most		Given the Company has not yet completed a full year as a listed entity and only implemented the Policy on listing, the Company has not undertaken a formal review of the Policy since listing.
<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 and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function.</p> <p>(b) The Company does not have an internal audit function. As the Company grows the board will consider whether the appointment of a contract internal auditor would be beneficial in assisting them in discharging their responsibilities under the Audit & Risk Committee Charter.</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>	YES	<p>The Company continually monitors its exposure to economic, environmental and social sustainability risks.</p> <p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company 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> <p>The Company will 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. The Company will disclose this information in its Annual Report and on its website and ASX as part of its continuous disclosure obligations.</p>
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p>	NO	(a) The Company has not enacted a Remuneration Committee. The board has assumed the responsibility for the Company's Corporate Governance Plan which contains a Remuneration Committee Charter that provides for the

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<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 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>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>The Committee's Charter is included in the Company's Corporate Governance Plan which is available on the Company's website, www.frontierdiamonds.com</p> <p>The Company will disclose in its Annual Report the number of times the committee met throughout the period and the individual attendance of the members at those meetings.</p> <p>The Company listed in January 2018 and not having completed a full financial year as a listed entity, the Company has not conducted a review of remuneration for directors and senior management. There have been increases awarded to senior management or directors since the listing of the Company.</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 Committee Charter in the Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executive to be disclosed in the Company's Annual Report.</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</p>	N/A	<p>The Company does not have an equity based remuneration scheme or 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.</p>

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derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.		