

2019 Corporate Governance Statement

The Board of Pure Alumina Limited (the **Company** or **Group**) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which Pure Alumina Limited has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website www.purealumina.com.au, including the 2019 Annual Report.

This Statement is current as at 24 September 2019 and has been approved by the Board of Directors of Pure Alumina Limited.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Group's affairs. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board has a formal Board Charter which is available on our website at <https://purealumina.com.au/view/about/corporate-governance> that clearly sets out those matters expressly reserved for the Board's determination and those matters delegated to management.

The Board delegates responsibility for the day-to-day management of the Company and its businesses to the Managing Director (**MD**)/Chief Executive Officer (**CEO**). The MD/CEO is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities and transactions via a formal 'delegations of authority'. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

Recommendation 1.2: Appointment of Directors

The Remuneration and Nomination Committee (or in its absence, the Board) facilitates the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Remuneration and Nomination Committee will ensure that appropriate background checks are undertaken. We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the notice of meeting and other information contained in the 2019 Annual Report.

Recommendation 1.3: Appointment Terms

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment. Directors also receive a deed of indemnity, insurance and access.

Each senior executive has a written contract with the Company, setting out the terms of his or her appointment, including remuneration entitlements and performance requirements.

Recommendation 1.4: Company Secretary

The Board is supported by its Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to its Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2019 Annual Report.

Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has recently adopted a Diversity Policy which can be viewed at <https://purealumina.com.au/view/about/corporate-governance>. The Company's policy has meritocracy as a guiding principle and seeks to align the Company's management systems with its commitment to continue to develop a culture that values and achieves diversity in its workforce and on its Board.

The Board and management considers building a diverse and inclusive workforce as paramount to gaining the best insight into the needs of our customers and stakeholders. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams. Particular focus is paid to achieving a balance of men and women in senior management positions across the Group.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2019 was as follows:

- Women on the Board – 0%
- Women in senior executive positions – 33%
- Women across the entire organisation – 20%

Due to the current size and composition of the organisation the Board does not consider it appropriate to provide measurable objectives at this time. However, the Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate. As such, the Company does not comply with this Recommendation in its entirety.

Recommendation 1.6: Board Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its Committees (if applicable)

and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a questionnaire/survey by each Director and nominated Senior Executives who have regular interaction with the Board, facilitated by the Company Secretary;
- the preparation and provision of a report to each Director with feedback on the performance of the Board based on the survey results; and
- The Board meeting to discuss any areas and actions for improvement.

The next internal Board assessment is scheduled to take place in the first half of the financial year ending 30 June 2020. The data collected will provide important feedback and identify any areas for improvement.

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the MD/CEO and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the MD/CEO. The performance of each Senior Executive against these objectives is evaluated annually.

In the case of the Managing Director, this review is conducted by the Chair and the results are reported to the Board.

PRINCIPLE 2 – BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

Due to the current size of the Company and Board, the Board fulfils the roles and responsibilities in relation to nominations. The duties of the Board in relation to nomination are the same that would otherwise be fulfilled by a Nomination Committee to address any issues and continuously review the range of skills, knowledge, experience, independence and diversity to ensure that the Board can discharge its duties and responsibilities effectively.

The Remuneration and Nomination Committee Charter is available on our website at <https://puralumina.com.au/view/about/corporate-governance>.

Recommendation 2.2: Board Skills Matrix

The Company seeks to maintain a Board of Directors with a broad range of skills, experience and knowledge relevant to overseeing the business of a HPA Technology Company with associated mineral exploration activity. Given the size of the Board, a formal board skills matrix has not been adopted. However, the current Board of Directors bring an expansive range of relevant industry experience, skills and experience in order to meet the Company's objectives. Full details of each Directors' relevant skills and experience are set out in the 2019 Directors' Report.

Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company

in accordance with the Director's terms of appointment, the Corporations Act 2001, the Board Charter.

When appointing an independent director or reviewing the independence of its Directors', the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

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

Name	Position	Appointment Date	Status
Tom Eadie	Non-Executive Chairman	3 July 2018	Independent
Martin McFarlane	Managing Director	1 November 2017	Not independent
David Leavy	Finance Director	21 July 2017	Not independent
Robert Boston	Non-Executive Director	21 December 2017	Independent

The Board considers that Mr Boston and Mr Eadie are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement and is able to fulfil the role of independent director for the purpose of the Recommendations.

Mr Eadie was previously considered to be not independent due his substantial holding in the Company up until May 2019. Following the completion of the Company's Share Purchase Plan Mr Eadie's holdings were diluted and he ceased to be a substantial holder, therefore deeming him to now be independent.

Mr McFarlane and Mr Leavy are not considered independent as the Company employs them in an executive capacity as Managing Director and Finance Director respectively.

Recommendation 2.4: Majority Independence

As at the date of this Statement, two of our four Directors' are deemed non-independent. Although the composition of our Board does not comply with Recommendation 2.4, the current Board composition reflects an appropriate balance of skills, expertise and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making.

It is noted that the composition of the Board will be reassessed in the future in line with changes in the Company's operations and will be adjusted as deemed appropriate. The Board will consider the Recommendations in assessing any future changes in board composition.

Further information regarding our Directors', including their experience and qualifications, is set out in the Directors' Report of our 2019 Annual Report.

Recommendation 2.5: Board Chair

The Chair, Mr Tom Eadie is considered an independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. His role is set out in more detail in the Board Charter.

As noted above in relation to Recommendation 2.3, Mr Eadie was not considered to be an independent director for the whole of the financial year ended 30 June 2019, however he has been considered an independent director since he ceased to be a substantial shareholder in the Company in May 2019.

The roles of Chair and Managing Director are exercised by different individuals, being Mr Tom Eadie and Mr Martin McFarlane respectively.

Recommendation 2.6: Induction, Education and Training

New Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct (**Code**) designed to:

- provide a benchmark for professional behaviour throughout the Group;
- support the Company's business reputation and corporate image; and
- make Directors' and employees aware of the consequences if they breach the Code.

The Code can be found on our website at www.purealumina.com.au/view/about/corporate-governance. The key aspects of this Code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

The Code sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and security of information.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

Due to the current size of the Company and Board, the Board fulfils the roles and responsibilities in relation to audits. The duties of the Board in relation to audit are the same that would otherwise be fulfilled by an Audit Committee, including overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit.

The Audit and Risk Committee Charter is available on the Company's website at <https://purealumina.com.au/view/about/corporate-governance>.

Recommendation 4.2: Assurances

The MD/CEO and Chief Financial Officer (**CFO**) provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process was followed for the 2019 full year financial results, where the MD/CFO and CFO provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the 2019 full year financial results were approved by the Board.

Recommendation 4.3: External Auditor

Our external auditor is Moyes Young & Co (**MYC**). MYC attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

MYC's independence declaration is contained in the Directors' Report in our 2019 Annual Report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy, which is available on our website at www.purealumina.com.au/view/about/corporate-governance. This Continuous Disclosure Policy sets out the key obligations of directors and employees in relation to the Company's continuous disclosure requirements.

The Board has overarching responsibility for compliance with continuous disclosure obligations and Board approval is required for certain key matters (as set out in the Continuous Disclosure Policy) and matters may be referred to the Board for approval by the Managing Director or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on our website at www.purealumina.com.au/view/about/corporate-governance.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, we aim to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program which includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting

- all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
 - ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Shareholder queries should be referred to the Company Secretary in the first instance.

Our Group Policy for Shareholder Communications Policy is available on our website at www.purealumina.com.au/view/about/corporate-governance.

Recommendation 6.3: Shareholder Meeting Participation

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

Recommendation 6.4: Electronic Communication with Shareholders

Shareholders are encouraged to take advantage of the benefits of electronic communications by electing to receive communication from the Company and its share registry electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

Due to the current size of the Company and the Board, the Board fulfils the roles and responsibilities in relation to risk. The duties of the Board in relation to risk are the same that would otherwise be fulfilled by a Risk Committee, including ensuring that the Company has an appropriate risk management framework and associated internal compliance and control procedures.

The Audit and Risk Committee Charter is available on our website at <https://purealumina.com.au/view/about/corporate-governance>.

Recommendation 7.2: Risk Management Framework

The Group's risk management framework is supported by the Board of directors and management team. The Board is responsible for approving and reviewing the Company's risk management framework. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Board continually monitors the Company's risk management framework.

Recommendation 7.3: Internal Audit

The Audit and Risk Committee Charter provides for the Committee to monitor the need for an internal audit function.

The Company did not have an internal audit function for the past financial year and due to the size of the Company the Board does not consider it necessary to have an internal audit function.

The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Audit and Risk Committee will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations; and
- the Audit and Risk Committee will periodically undertake an internal review of financial systems and processes where systems are considered to require improvement these systems are developed.

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company's primary business focus is the production of a detailed definitive feasibility scope of work and budget for the HPA project. As such, the Company is exposed to unique risks. This includes, but is not limited to, the following key risks:

- fluctuations in the price of kaolin and High Purity Alumina;
- fluctuations in third party contractor costs;
- any reduction in the global demand for High Purity Alumina;
- risks arising from mining operations being concentrated at one mine;
- economic, political or social instability may effect operations or profits; and
- a range of other economic, environmental and social sustainability risks faced by all other mining industry companies in an open economy.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY

Recommendation 8.1: Remuneration Committee

Due to the current size of the Company and Board, the Board fulfils the roles and responsibilities in relation to remuneration. The duties of the Board in relation to remuneration are the same that would otherwise be fulfilled by a Remuneration Committee to address any issues and continuously review the range of skills, knowledge, experience, independence and diversity to ensure that the Board can discharge its duties and responsibilities effectively.

The Remuneration and Nomination Committee Charter is available on our website at <https://purealumina.com.au/view/about/corporate-governance>.

Recommendation 8.2: Remuneration Policies and Practices

The Remuneration and Nomination Committee (or in its absence, the Board) is responsible for determining and reviewing remuneration policies for the directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

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

Recommendation 8.3: Equity Based Remuneration Scheme

The Company has a Securities Trading Policy, which provides that participants must not, without prior approval of the Chairman of the Board, engage in short selling or other hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to the Company's securities.